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# ***JPRS Report***

## **Soviet Union**

***International Affairs***

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# Soviet Union

## International Affairs

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**'Theses' on Social Democrats in Contemporary World**

18070598 Moscow *RABOCHIY KLASS I SOVREMENNYI MIR in Russian*  
No 1, Jan-Feb 89 pp 21-30

[Article prepared by the Sector for the Study of the Problems of International Social Democrats of the IMRD [Institute of the International Workers' Movement] of the USSR Academy of Sciences: "Social Democrats and the Contemporary World (Theses for Discussion)"]

[Text] During the 1980's the Social Democrats have been undergoing a crisis of adaptation to qualitatively-new conditions. There has been a sharp exacerbation of the global problems of civilization and first and foremost those dealing with the survival of the human race and the search for ways to further existence, ecological safety, the world economic system and so forth.

Radical changes are taking place in all spheres of public life—economic, political and cultural and in social consciousness. Crisis processes in the economies of many developed countries, the NTR [Scientific technical revolution] and technological restructuring are giving rise to new conflicts in production relations, are altering the nature and makeup of labor and are exacerbating the entire complex of problems, both old and new, related to the social position of workers. Social Democrats, incidentally, and other leftists, turned out to be unprepared for the new situation. The inconsistency of the traditional political lines of Social Democrats under crisis conditions in leftist culture and thought was reflected in the increase in neo-conservative sentiments as well as in the electoral successes of the political forces that express them.

Thus, the search for new paths and solutions to socio-economic and political problems became a vital necessity for Social Democrats. Previous socio-democratic approaches to the cardinal problems of foreign and domestic policies came into such conflict with reality that their preservation would have resulted in serious political consequences for individual parties and for the movement in general.

Of course the objective conditions under which individual socialist and social democratic parties operate are by no means similar. But even the more "successful" of them (the Social Democratic Workers' Party of Sweden, the Socialist Party of Austria, the Norwegian Workers' Party) cannot move away from a rethinking of the ideological-political baggage that has been accumulated in the course of the preceding decades. It is another matter that in the course of discussions, which have become more strained in recent years, there have been differences of opinion in the assessment of the paths toward and limits on renewal. The basic newness of the current situation, the different ways in which it is perceived by individual parties and the different degrees of readiness for the elaboration of non-traditional

approaches and solutions have complicated and hindered the process of rethinking the ideological-political platform of the Socialist International [Sotsintern, SI].

The sphere of interest of Social Democrats is expanding noticeably. The direction of their ideological quest is becoming more and more varied. Different tendencies and directions among Social Democrats differ less and less in degree of political radicalism ("leftist," "center," "rightist") and are sooner differentiated according to fundamental priorities. Conflicts between labor and capital and related strategies for redistribution of wealth and the transformation of society are becoming a secondary priority. Typological differences in movements among Social Democrats are becoming different in content. New tendencies are being formed and old tendencies are being modified. These tendencies, which can be subdivided into economic-technological, etat-technocratic, ecosocialist, pacifist, oeuvrierist and others.

The proponents of economic-technological solutions place at the top of the pyramid the utilization of new technologies and the achievement of economic growth primarily via free market mechanisms. Etat-technocrats tie the solution to those problems to a strengthening of the regulatory role of the state.

Ecosocialists and pacifist-oriented Social Democrats do not accept this approach. They are united by a negative attitude toward the type of technological development that destroys ecological balance and facilitates the militarization of the economy and public life. For them the struggle for peace and mankind's survival is identified with the socialist goal.

The oeuvrierist tendency reflects the aspirations of traditional detachments of workers. The main goal of its proponents is the protection of the chief ongoing socio-economic interests of hired workers.

This kind of differentiation, first, expands the field of ideological-political quests of Social Democrats, second, erodes their previous socio-political ideas and third, facilitates the appearance of new socialist utopias.

All of this taken together imparts a new aspect to basic social democratic values, placing them into other social ties and relationships. Thus a potential opportunity arises to have a growing influence on various social layers and groups located outside the sphere of political influence.

The evolution of the socio-economic aims of Social Democrats is occurring under conditions of structural change in capitalism related to the transition to a new developmental model, which places a great imprint on the assessments and conceptions of Social Democrats. The following stages can be singled out in their development.



Stage I—second half of the 1970's to early 1980's—is characterized by the lack of understanding by Social Democrats of the depth of crisis processes within the economy and of the consequences of the technological revolution and the structural changes related to it. Social democratic parties fix their attention solely on the market aspects of the crisis—the increased prices for energy and raw materials. They have not really looked into the fact that a cyclical recession can accelerate structural changes. The economic crisis and the mass “discarding” of manpower are still being fearlessly examined as an especially transitional phenomena. Correspondingly, monetarism is viewed as a “temporary evil.” The economic strategy of Social Democrats continues to be oriented toward the Keynesian model.

Meanwhile the traditional adaptation potential of Social Democrats, leaning on the Keynesian economic model during the period of favorable economic market conditions, turns out to be basically exhausted under qualitatively altered circumstances. Even in the more “advanced” leftist Keynesian variant (Great Britain in 1974-1976, France in 1981-1986) Social Democrats are not able to eliminate economic crisis, to stabilize the function of economic mechanisms and to halt unemployment growth.

During Stage II—until the mid-1980's—the prevailing majority of social democratic parties focus on the fact that the economic crisis is very deep, touching all elements in the bourgeois structure. At the same time a priority is placed on the concept of “historic turning point,” the meaning of which is reduced to the fact that a new phase of fundamental change has begun and is due to scientific-technical progress, new sociocultural tendencies and a modification in social relations.

Differences in the socio-economic aims of Social Democrats and the conservative strategy remain basically significant. However, they are not adequately expressed in Realpolitik. Social Democrats are making a transition to defensive positions and are being forced to renounce Keynesian economics, but not utilizing monetarism as such, in practice agree to a “strict economy” as a temporary means. There is a general tendency of pragmatic change in socialist and social democratic parties toward a moderate-central platform and the acceptance in a number of cases, albeit in a milder form, of the neo-conservative course of “belt-tightening,” the supporters of which, incidentally, are themselves not inclined to cross a certain line in their policies of “social dismantling.”

At Stage III—the second half of the 1980's—the Social Democrats noticeably activate the elaboration of a whole concept of the new stage in the NTR, having recognized the necessity to soundly reexamine long-term program aims (discussions within SDPG [Social Democratic Party of Germany] on basic values; the 1987 decision by the LPB [British Labour Party] on “a fundamental reexamination” of Labour programs and so forth).

The characteristic feature of the present stage is the recognition by Social Democrats of the global nature of the changes that are taking place. This is reflected not only in the recognition of the all-world crisis in traditional industrial society, of the destructive potential of the global crisis of indebtedness by “third world” countries, of the growing internationalism of economic processes and their common foundation but also in active attempts to use super-national economic and political structures in their goals.

The majority of West European socialist and social democratic parties, convinced of the impossibility of eliminating the crisis and of developing an effective socio-economic model within the framework of a separate country, have staked themselves on the development of integration mechanisms in Western Europe.

They see the agreement signed in December 1987 in Brussels on the development by 1992 of a “single internal market” for all 12 member nations of the European Economic Community as a condition for implementing a common European policy of solidarity in the future.

The development of a new concept of the NTR, in opposition to neo-conservatives, has placed a difficult problem before Social Democrats. The most important of these is that in political, social and psychological relations Social Democrats are identified with the obsolete model of economic growth. Leaning on this model, Social Democrats have achieved considerable electoral successes and have become influential political forces in countries with developed capitalism. Despite the extensive changes in their social structures, a large part of the mass base of most West European Sotsintern parties consists of workers of branches that are undergoing a serious crisis, with a consideration of the interests of whom the current model was implemented. Meanwhile the role in society of those groups of workers who are involved in rapidly-developing science-intensive branches is growing steadfastly. These categories of working people differ considerably in viewpoint, lifestyle and motivation from the traditional social-democratic base. It is completely evident that without renewal and correction of the previous social address, without the necessary consideration of strategy and the interests of these new detachments, Social Democrats will not be able to preserve their past ideological-political influence in society.

Of course, Social Democrats are not against technical progress. However, they do strive to decrease the social cost of production modernization, to make it less painful for the underprivileged strata of the population. A complex of measures directed at mitigating the consequences of eliminating “unpromising” branches whenever possible and at extensively utilizing the system of social amortization continues to have an important place in the socio-economic platform of Social Democrats.

The implementation of these measures is being organically written into the initial social democratic concept of "economic democracy," according to which the co-participation of workers in production management is a decisive prerequisite for achieving a two-fold goal—democratization of the social sphere, facilitating the revelation of the creative potential of the working man, and the achievement of one's own economic progress.

Today Social Democrats are searching for this kind of answer to an entire complex of problems that have arisen in connection with the new stage in the NTR, to political problems and socio-economic and moral-ethical arguments that would "merge" the interests of different detachments of workers, traditional goals and values of Social Democrats and new "post-material" values.

The concept of the selective—ecological and socially-moderate economic growth, which is becoming more and more widespread in Sotsintern parties—is at the basis of the current social democratic platform. Its goal is to place the achievements of scientific-technical progress at the service of the broadest layers of the population and of society as a whole, in contrast to the ideas of monetarism. It presupposes the development of an "ecologically clean" economy, the large-scale restructuring of the energy supply system and a program of renewal of city centers. This includes an extensive list of measures related to the improved quality of the production sphere and a meaningful private life. Many social democratic proposals pursue the goal of decreasing the unemployment crisis and other negative social phenomena related to the introduction of new technologies and of combining the interests of the unemployed, partially employed and workers in the new and old branches whenever possible.

The position of Social Democrats is becoming more and more varied with regard to ownership, government interference and the market, and planning. As before the government is assigned an important role in implementing strategic planning, in coordinating the priorities of the national economy, in "the protection of the underprivileged" and so forth. At the same time recently a number of social democratic parties have more and more actively developed the concept of the "directed" or "organized" market, which has been called upon to serve as the counterbalance to the "free play of market forces" that monetarism stands for.

Some parties, and first and foremost the Portuguese Socialist Party, began to completely reduce the significance of state and other forms of property ownership.

According to the concept of "directed market," which has become widespread primarily in moderate-central social democratic circles, particularly in Spain, Sweden, Great Britain and other countries, a country that has moved from primarily direct to mediated and more flexible methods of economic management, is called

upon to eliminate undesirable production concentration, to "organize" competition in markets among individual producers of goods and services and to stimulate them to cooperate in dealing with national socio-economic tasks. This concept, repudiating the system of "total planning," places as its goal facilitating growth of economic effectiveness, greater flexibility in considering the growing interests of the consumer, the more active introduction of the NTR and simultaneously—a maximum limit on the negative consequences of the action of market forces.

These questions are being disputed within the ranks of Social Democrats. Representatives of the left wing criticize the concept of the "directed market" because it has no effective means of restraining market calamities or preventing the concentration of economic power in the hands of private capital. However, the left wing itself still does not have an entire program for an effective organization of the economy under the new conditions.

The concept of "social property" is becoming more and more widespread in the social democratic sphere. It encompasses socialized enterprises and firms from the government sector (by means of the democratization of the management mechanism, of uniting labor representatives, consumers and local societies with the decision-making process), various forms of municipal undertakings and enterprises bought out by workers (including with the help of workers' funds created following the Swedish model).

Social Democrats give special attention to expanding cooperative movements, and first and foremost production cooperatives, feeling that they are more vital and effective as compared to similar private firms; in addition the creation of a new work slot within them is considerably less expensive. According to Social Democrats, cooperatives facilitate the solution of public tasks; within cooperatives the social alienation of workers in the work place is alleviated; conditions are being created for the more complete self-expression of individuality, for direct participation in managing production processes and so on.

The expanded socialized sector is being assigned a more and more significant role in the implementation of both the socio-economic and strategic goals of Social Democrats. With this goal in mind it is planned to pass new laws, to change the taxation system, to create special bank facilities to finance the operations of enterprises and to take other measures that provide incentives for the development of various forms of ownership.

During the 1980's the continuation of the crisis in many capitalist countries has made considerable corrections in actual policies implemented by ruling social democratic parties in the area of employment. The measures they carried through to limit unemployment in most cases

turned out to be palliative. Nevertheless, principle differences remain in the views on the given problem between neo-conservatives and Social Democrats.

I. Social Democrats continue to consider the struggle against unemployment a priority task of social democratic policy, come out against the neo-conservative thesis on unemployment as a seemingly essential price for holding back inflation (this thesis is disputed, for example, in a report by the Sotsintern work group on employment policy).

II. Conservative circles attribute the increase in arms, in part, to the fact that arms production seemingly creates conditions for resolving unemployment. The Social Democratic Party, understanding the negative tie between the arms race and crisis phenomena, feel that it is precisely disarmament that can free resources for creating work positions.

It is another matter that the logic of the actual policies of ruling parties of "democratic socialism," formed under the influence of various internal and external factors, often contradicts their basic point of view. (The obvious example is the increasing proportion of military expenditures in the government budget of Spain during the period in the 1980's that the ISRP [Spanish Socialist Workers' Party] was in power).

III. Conservative forces are working to curtail the public production sector, whereas Social Democrats in the struggle against unemployment count on precisely this sector although, as attested to in part by the experience of the Portuguese Socialist Party's being in power, the reverse tendency is also present.

IV. In contrast to conservatives, Social Democrats examine the problem of labor within the framework of the concept of "economic democracy."

V. Social democrats support the curtailment of work time while preserving wages, whereas the policies of bourgeois-conservative forces are objectively directed at curtailing work slots, providing incentives for overtime and strengthening the exploitation of workers. This kind of policy satisfies the interests of large capital, which is striving to divide the working class into those who are and those who are not included in production, to strengthen competition between them and thereby to weaken the anti-capitalist potential of workers and their readiness for the struggle against monopolies.

VI. Of course the aforementioned does not exhaust the sum total of differences. We are speaking about work quality and the attitude toward support of labor. The Social Democrats, having experienced a streak of crisis and in a quest for their own program renewal are considering to a larger degree the role of alternative, including ecological, movements, the inclination of the latter toward a "civilization of solidarity" which in the opinion of its theoreticians will bring an end to the

exploitation of man and nature, will reestablish the lost ties between labor and leisure time, between intellectual and physical labor, between the private and public, between the rational and emotional content of labor.

Of course this is only the initial phase of the reconceptualization by Social Democrats of the very concept of labor under the conditions of structural restructuring of capitalist production. But with all the illusions of the so-called new alternative civilization and "ecosocialist" solution to the labor problem, the attempt to humanize it and to enrich it with new psychosocial and cultural content, grounded in basic social democratic values, is not at all being written into the logic of conceptualization or into the actions of political forces standing on the side of monopolistic capital.

Whereas on the whole the program goals of Social Democrats are oriented toward opposing neo-conservatism, the practical activities of Social Democrats often are reduced solely to an adaptation towards the course of neo-conservatism. In a number of parties of "democratic socialism" there has been an increased attempt to move closer to the center (policy of "openness" of the FSP [French Socialist Party], the attempt by the ISP [Italian Socialist Party] to create a so-called single pole of temporal-republican forces). Some parties (ISRP) are attempting, without forming a union with the center, to express the sentiments and interests not only of leftists but also of centrist-oriented voters.

And still, despite the complications and conflicts that have developed, the quest of Social Democrats for a new socio-economic platform is being carried out primarily within the channel of "collective decisions" and is oriented toward the elaboration of a democratic alternative to neo-conservatism. This is especially important for the formation of the correct attitude by communists toward processes occurring within the social-democratic movement under conditions in which the question of socialist transformation is not on the agenda.

Under the new circumstances the significance increases of the weighed, dialectic approach toward the theory and practice of social partnership with a consideration of its taking root within the structures of capitalist society. Real possibilities for solving socio-economic, domestic and foreign political tasks are increasing. Under the conditions of the struggle to confirm new political concepts, when the generalization of positive experience and promising possibilities of various forms of struggle is becoming an urgent imperative, the agenda must include the question of eliminating the dogmatic inertia of destructive criticism of all aspects of consensus, like compromise and opportunism, and the determination of the limits of the positive potential of consensus.

In the recent past social partnership justifiably was assessed by communists as an opportunistic line. However, this assessment was manifested in the historically

fully-explainable lack of understanding of the fact that both the class struggle and social partnership are two interrelated aspects of relations between the proletariat and the bourgeoisie.

Meanwhile, the social partnership does not at all have to be the "counterprinciple" to class struggle; under certain conditions it can act as a guarantee of solutions to the struggle. In some cases it is placed directly against methods of class struggle; in other cases it is a type of "positional" form used to improve the status of particular groups or to expand the influence of workers within the framework of various systems and institutions. The severe juxtaposition of the class struggle and social consensus is theoretically groundless and politically unproductive.

Within the ideological-political activities of social democratic parties the questions of war and peace and the stabilization of international relations occupy a special place. In the 1980's the priority goal of their foreign policy activeness became disarmament and development, which are directly tied to the fates of world civilization.

Social Democrats realize that the lack of stability in international affairs delays the goal they defend—"democratic socialism," which cannot become real without a stable, long-term peace and without the radical transfer of assets that are now being used for the arms race into the channel of reform that will change the superstructure of the contemporary "country of well-being." Detente in international affairs is also related to other aspects of the social reformist ideal—further democratization of various institutions within the political system of developed capitalism. The latter, as Social Democrats feel, is hardly likely under conditions of militarization, which facilitate the strengthening of anti-democratic, reactionary tendencies not only in countries with developed capitalism but in regions of the "third world" as well. These regions, as we know, have recently been the object of careful attention on the part of Social Democrats who are striving to support there the local political currents that are related ideologically to theirs.

Of no little importance is the geopolitical aspect of the striving of Social Democrats to play an active role in international affairs. This is related first and foremost to the fact that theirs, being primarily a West European movement, is striving to strengthen the economic-political position of the Old World in the competitive struggle within the "great triangle"—the U.S.A., Japan and Western Europe. Finally, circumstances related to ideological-political states of affairs play a role. During the last decade Social Democrats have been pressured by neo-conservative forces. The goals of rightists in the area of foreign policy differ considerably from those offered by Social Democrats during the 1970's, when the lessening of international tensions was gaining strength. The latter, and this is evident, was the feeding ground for the electoral successes of a number of large social democratic

parties. Today, when the political positions of some Sotsintern West European parties have turned out to be weakened, the striving for a detente of a new kind, for the development of an independent line on this question, is becoming for Social Democrats the key to recapturing political initiative from neo-conservative circles which orient themselves first and foremost toward the zigzags of the international course of the U.S.

The practical contribution of Social Democrats in the struggle to weaken international tension is considerable. First of all, there is their striving to reject the concept of "mutual deterrents," and to find a consensus from the position of "mutual security." Second, active assistance to Social Democrats is being given by Sotsintern as well as through the efforts of individual members (SDPG, SDPF [Social Democratic Party of France]) in the process of organizing a dialogue on disarmament between the USSR and U.S.A. Third, there is the support of all kinds of forums (bilateral as well as on a broader scale, capable of making a real contribution toward accelerating military disarmament, especially on the European continent). Finally, fourth, there is a more active participation in the mass movement for peace, with the exception of the FSP and ISRP.

As for real political actions and initiatives, here too there has been noticeable progress that allows us to talk about the greater correspondence than in other years of the words and deeds of Social Democrats on questions of disarmament. The efforts of Social Democrats in the countries of Northern Europe on creating a nuclear-free zone in their region, the development by the SDPG (together with the SEPG [Socialist Party of Germany, GDR] and the KPCh [Communist Party of Czechoslovakia]) of plans to free Central Europe from the field of nuclear and chemical warfare, the struggle of the Labourites of Australia and New Zealand for the nuclear-free status of the Pacific Ocean—here are only the important directions in the peacekeeping efforts of Social Democrats. Noticeable is the activeness of opposition parties—members of the Danish SI and the Netherlands SI in the matter of decreasing military expenditures in their countries' budgets.

At the same time some parties (FSP, ISP and ISRP), while in power, encouraged the militarization of their countries. The position of the administration of the British Labourites is inconsistent with its plans to limit the nuclear presence on the territory of its country. However, these examples only confirm the difficulties Social Democrats face in finding a common denominator on questions of disarmament when the "national ambitions" of some SI parties are in obvious contradiction to their generally correct assessment of the situation on a global scale.

The concepts of Social Democrats on the problem of eliminating regional conflicts are characterized by the fact that they, in contrast to the corresponding neo-conservative modifications, synthesize within themselves both the position of West European SI members as



well as the views of participants in this organization from the countries of Latin America, Asia and Africa. Evident is not only their general peace-making direction but also Sotsintern's readiness to actively facilitate the implementation of the search for peace in the corresponding regions. At the same time "models of pacification" proposed by the Social Democrats do not wholly meet the basic interests of liberation movements in developing countries. However, in general the position of Social Democrats on these questions undoubtedly differ for the better from the policies of conservative forces.

The views of Social Democrats and neo-conservatives differ considerably on the problem of a new international economic order (NMEP). Despite the fact that the approach of Sotsintern and its member parties to this extremely important global problem bears the imprint of reformist inconsistency, nevertheless even in such a form the NMEP resembles a well-known democratic variant for solving the problems that concern the people of our planet.

First and foremost Social Democrats reproach imperialism, seeking in its actions the reason for the catastrophic situation that has developed in the "third world." Even without using the term "neo-colonialism" in their theoretical baggage, Social Democrats point directly to such characteristic manifestations as non-equivalent commodity exchange, the robbing of raw material resources from young countries and the artificial maintenance of poverty and poor development of such countries. At the same time they are not inclined to blame the USSR and other East European countries for any significant share of the responsibility for the economic mess in the "third world."

Social Democrats feel that one of the main reasons for poor development is the policies of the TNK [Technical scientific complex], which facilitates the preservation of the neo-colonial system of exploitation. The actions of MVF [International Monetary Fund] and the MBRR [International Bank for Reconstruction and Development] and the economic strategy of the American administration and of neo-conservative circles of West European countries are also being criticized. It is noteworthy that the representatives of reform parties from the countries of the "third world," as follows from the discussions on NMEP within the framework of Sotsintern, criticize the West as a whole, also assessing negatively the government policies that are influenced by European Social Democrats.

Social Democrats see the crisis in development as an important integral part of the global national economic crisis. In contrast to rightists their representatives do not blame the "third world" for the fact that the "oil crisis" of the 1970's-1980's stimulated a deterioration in Western economy. On the contrary, they emphasize the fact that the cyclic crisis of the mid-1970's to early 1980's strengthened the dependence of developing countries

even more. The positions of Social Democrats and neo-conservatives also differ on the question of the relationship between the arms race and the exacerbation of the NMEP problem.

Social Democrats proceed from the fact that the resources that are used to arm developed as well as developing countries could be used instead for developmental needs. Neo-conservatives reject this kind of relationship.

The approaches of social democratic and neo-conservative forces to the development of specific measures related to the establishment of NMEP also differ. Thus, in speaking about the necessity to change the nature of foreign trade ties between "North" and "South," Social Democrats place the social component first and not the commercial component, as conservatives do. Social Democrats do not feel that deliveries to the "third world" must depend first and foremost on the raw-materials needs of the "North," or that the "South" must accept that which is offered and not that which it needs for its own economic development. Social Democrats are proposing the concept of a mutually-advantageous decision on export-import problems although they have not yet worked out all the details of this concept.

Social Democrats and conservatives also propose different solutions to currency-financial problems. Social Democrats demand the introduction of a system of democratic control over the MVF and MBRR, utilizing for this the mechanisms of the United Nations. They propose the establishment of a reserve currency fund for the needs of poorer countries, to which the U.S.A., Great Britain, the FRG and other leading capitalist countries have not yet agreed. They also do not agree with social democratic proposals to eliminate the foreign debt. Social Democrats support the extensive discussion of this problem on an international level, a decrease in the size of the debt of the poorest "third world" countries, the postponement of payments by other debtors, a decrease in the bank rate and a more favorable system of bank credit for developing countries.

The positions of Social Democrats and neo-conservatives differ considerably with regard to control over the TNK. Leaders of the leading capitalist countries are ready to severely limit themselves to "cosmetic" measures. Social Democrats, however, propose a fairly flexible mechanism of control, the basis of which must include being maximally informed on the specific policies of the TNK and the elimination of anti-social actions which infringe upon the economic interests of workers in "third world" countries. Moreover, Social Democrats support providing differential aid to developing countries in order that the aid reach, first and foremost, the poorest levels of the population. They feel that with the aid of NMEP it is fully realistic to decrease social injustice, to carry out reforms in the interests of the broad masses and to strengthen democratic institutions of power.

In general we can draw a conclusion on the adequately evident positive evolution of Social Democrats along a wide circle of international problems. We can certify that a large proportion of social democratic parties have stepped onto the path of new political conceptualization. A sign of this is the readiness of Social Democrats for dialogue without many of the reservations expressed previously, and if the opportunity arises, for cooperation with the ruling parties of socialist countries regarding the important aspects of world policy.

Social democratic parties are feeling the growing influence of renewal processes occurring within the USSR.

The interpretation of perestroika, however, differs among different social democratic parties because the degree of interest in it, the depth of understanding and analysis of the transformations taking place in the Soviet Union, the adequacy of conclusions formulated on this basis cannot be reduced to a common denominator—reactions to change and the emphasis placed by various social democratic parties differ too greatly, not to speak of the considerable (although not always clearly fixed) “disconnectedness” in the assessments and judgements of each party.

Social Democrats are interested in perestroika since it, while corresponding to the needs of world socio-political development, the logic of detente and European cooperation, directly or indirectly strengthens their position.

Without hiding their dissatisfaction with the state of affairs in their parties under conditions of withstanding the drawn-out “neo-conservative wave,” Social Democrats are exhibiting great interest in the new social experience being gathered in the course of perestroika and in its special characteristics, which reflect the scale and extraordinariness of the events that are occurring within the USSR and that are reviving a Leninist image of the new structure.

With all of the differences in assessments and judgements, for most Social Democrats the relationship between domestic and international aspects of restructuring, which opens up new horizons for economic cooperation between countries and which in the political sphere facilitates the normalization of the international situation, is evident. The resolution of the General Council of the Belgian Socialist Party (Flemish) notes “the interesting development of events in the Soviet Union,” its “series of advantageous consequences,” including international, and “more extensive opportunities in the economic area.”

Many social democratic theoreticians and politicians see an internal logic in the coincidence in time of radical economic reform and large-scale, foreign policy initiatives by the USSR, unprecedented in their significance, that are having a growing influence on the course of world events.

Social Democrats understand in their own way, through a social-reform prism, the objective conflicts in the life of socialist society and the stagnant phenomena that have accumulated during preceding periods which the Soviet people are now forced to eliminate. In a number of social democratic parties one sees a constructive interpretation of the developmental tendencies of Soviet society, first and foremost glasnost and democracy, that previously were interpreted prejudicially, although the new conceptually-whole understanding of these tendencies has not yet been developed. The predominant majority of Social Democrats agree on the fact that great as yet unutilized reserves for reforming society exist in the USSR.

In their evaluation of perestroika, Social Democrats as a rule attach priority significance to the charismatic factor, seeing the tasks standing before Soviet society and especially the prospects for solving them as depending on the activities of M. S. Gorbachev as the leader of the USSR and on his ability to influence the course of events.

The depth of transformation of Soviet society and the very dialectic of the development of the new within it are such that Social Democrats are not always able to accept them in all their scale, let alone to analytically encompass all of the interrelated nuclei and links of perestroika.

Care in expressing an evaluation of the policy of perestroika in some socialist and social-democratic parties, the absence of official pronouncements on this in others is related to a large extent to the fact that Social Democrats, being vulnerable from the right in the competitive party-political struggle, avoid any declarations that obligate them, that could tie their hands and narrow their field of maneuverability.

Despite the differences in the assessments and judgements of Social Democrats—of those who actively support perestroika and those who are exhibiting restraint, not to speak of those who see as their goal the pedantic striving to find uncorrected and irreversible flaws in Soviet society—we have no reason to doubt that the influence of perestroika on them will be long-term.

Perestroika facilitates the development of strategically grounded, practical constructive decisions regarding cooperation between communists and Social Democrats within the framework of all leftist political forces in the West which are searching for positions that will respond to the striving of the peoples for peace and prosperity.

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**Figures on Foreign Travel to USSR Published**  
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[Report by USSR Goskomstat]

[Text]

Number of Foreigners Visiting the USSR in 1988 (in thousands)

Country	Total	Purpose of Visit			
		Tourism	Official	Private	Servicing Transports
Total	6007	2458	1303	724	1522
From socialist countries	4009	1173	920	724	1522
From CEMA countries	3830	1153	850	666	1161
Bulgaria	318	82	127	28	81
Hungary	236	72	83	23	58
Vietnam	75	0.6	43	0.4	30
GDR	610	397	128	18	67
Cuba	38	9	18	0	11
Mongolia	92	2	56	2	32
Poland	1855	316	254	544	741
Romania	211	100	24	31	56
Czechoslovakia	395	174	117	19	85
China	55	0.5	11	1.5	42
DPRK	32	0.3	13	0.3	18
Yugoslavia	89	19	43	4	23
From developed capitalist countries	1736	1256	254	21	205
From EEC countries	659	462	121	8	66
Great Britain	89	60	15	0.6	13
France	86	60	18	1	7
FRG	240	190	37	2	11
Italy	111	74	28	1	8
Belgium	19	15	3	0.3	0.7
Netherlands	24	16	5	0	3
U.S.	149	116	26	3	4
Japan	57	19	12	1	25
Austria	31	15	10	0.4	5
Norway	19	13	3	0	3
Finland	699	544	62	3	90
Sweden	58	47	7	0.8	4
From developing countries	258	29	128	29	72

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#### Contemporary Role of Trade Unions

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[Article by Boris Georgiyevich Stolpovskiy, candidate of legal sciences, lead scientific associate and deputy head of a department of the USSR Academy of Sciences International Workers Movement Institute: "Labor Unions at the Current Stage of Historical Development"]

[Text] Can the unions in contemporary society preserve the role which has been theirs historically and will they? Was not the West German sociologist Ralf Dahrendorf, for example, right when he predicted that, for capitalist society at least, their disappearance as "organizations of departing social strata," for which S&T progress leaves no room in the modern production process? In our view, the development of various detachments of the union movement and the international trade union movement as a whole provides no grounds for so pessimistic a view of the fate of the unions.

To some extent this and many other experts predicting the departure of the unions from the historical scene have fallen victim to an emotional, one-sided approach to the complex phenomena of economic and social development. They have taken certain consequences for the unions of the voluntarist, noncomprehensive introduction, dictated by egotism (without regard for the social, ecological and other aspects) of new technology as immutable, objectively given and irreversible. The confusion of many union leaders in the face of new, unexpected processes for them, particularly in the period of the cyclical crisis of the start of the 1980's, was perceived as an indication of the "essential" crisis of the union movement as a social institution, which was going into decline.

This reflects a manifest reluctance to see and evaluate the true role of manpower in modern production, which is changing both quantitatively and qualitatively, and the objective need for effective representation of the interests of all categories of working people and the world of labor as a whole. And this representation may be exercised in the best way for society, as practice shows, by the unions or, as we sometimes see, organizations of a union type.

The formation of the negative view of the fate of the unions was and continues to be influenced by the fragmented nature of the union movement, which has intensified in a number of developed capitalist countries, and the division per organizational affiliation, ideological orientation and program principles of its individual detachments. Division at all levels here, from enterprises through world union centers. This has largely deprived it of competence, which has not, however, prevented theorists with all conceivable diligence erecting ideological "walls" between various streams of the union movement, and practical workers, fencing off their "domains" against others and strengthening their positions at the latter's expense. Both have failed to see and have been reluctant to see what, seemingly, was most obvious: the emergence of various currents in the world trade union movement is not a manifestation of the "age-old hostility" between this organization of workers or the other but a phenomenon of quite a different order—the complex and contradictory processes in the social development of human civilization—and an expression of the diversity and multi-variant nature of the changes occurring in society. The strength of the present-day trade union movement lies not in the uniformity of views on society and its development and the standardized nature of approaches to the solution of this problem or the other but in the wealth of aggregate experience and in the capacity for assimilating it and transforming it into united, parallel and simultaneous or, if the conditions for this are lacking, uncoordinated actions which are scattered in time even.

Heated arguments have been under way in broad public circles and among scholars and practical workers for many years now about the conditions of the fuller



realization of the union movement's latent possibilities and the need for its renewal. Numerous meetings, symposia and conferences are being devoted to the fate of the unions in the modern world. This, *inter alia*, was discussed also at the traditional international scientific-practical conference "Perestroyka, New Thinking and the Union Movement" conducted jointly by the AUCCTU, the USSR Academy of Sciences International Workers Movement Institute and the AUCCTU Trade Union Movement Higher School at the end of April in Moscow. This meeting's original task was to familiarize union activists and the scholars invited to the conference from various countries with the progress of perestroyka in the USSR under the conditions of glasnost and the democratization of Soviet society. It developed, in addition, into a wide-ranging discussion of the role of the union movement at the current stage of political and socioeconomic development under socialist conditions and under capitalist conditions.

Discussion was not embarked upon on the subject panels and at the "round tables" within the conference framework of the unions' threatened "disappearance" and their "irreversible" crisis (although every or almost every participant therein was well aware of the difficulties, frequently very serious, being experienced by the union organizations) but of actual practical activity showing that the unions also are making a considerable contribution to the cause of the struggle for peace and social progress. There was an exchange of opinions in the plane of a self-critical assessment of the blunders which had been made by the unions, an analysis of the reasons for the losses which they had sustained and an exposure of the neoconservative attempts to weaken by various methods the effectiveness of the unions' efforts; there was an in-depth exchange of opinions, useful ideas and information, which was convincing evidence that to strengthen their positions the unions have to organize their activity with regard for the general essential situation of their members and simultaneously broaden the framework of their social responsibility in the search for forms of the constructive dialogue and cooperation of unions of various persuasions for the purpose of securing better living conditions for all working people, solving the problems posed by the S&T revolution and actively contributing to progress en route to a nuclear-free, non-violent world and the elimination of hunger, disease and the ecological danger.

This is the response of the union movement, AUCCTU Secretary G.I. Yanayev said in his opening report at the conference, to the challenge which the times are throwing down to the unions, the socioeconomic and political changes in the world and the demands of accelerating S&T progress. This applies in full to Soviet trade unions also, the forms and methods of whose participation in perestroyka naturally evoked the particular interest of representatives of the union movement from more than 100 socialist, capitalist and developing countries.

The foreign guests literally showered the Soviet conferees with questions about the essence of the revolutionary

transformations in the USSR and our unions' specific contribution to the cause of perestroyka. They wished to know whether the democratization of Soviet society also meant a broadening of the rights and possibilities of the professional workers' organizations. Whether the unions would obtain "total independence" of the party and its decisions. Whether the arsenal of the Soviet unions' resources for defending and representing the workers' interests would be enriched. What influence the 19th All-Union CPSU Conference would exert on the process of perestroyka, including the unions themselves and their activity?

Answers, more or less full, were given by AUCCTU representatives and Soviet scholars at the sessions of the panels devoted to various aspects of perestroyka and the activity of the USSR trade unions and the "round table" sessions, which examined chiefly the changes occurring in the capitalist and developing countries, the most acute problems confronting the unions of these countries and the influence of the new political thinking on the modern world.

Heightened interest was displayed by the overseas participants in the meeting in how practicable the goals and tasks pertaining to the realization of such large-scale transformations in the USSR as radical economic reform, democratization of social and political structures and the affirmation of glasnost and openness were. They linked with the perestroyka processes in our country their ideas concerning development in their own countries—capitalist, developing and socialist. "History has closely linked our people," Mariya Sakirova, deputy director of the Bulgarian Trade Unions Research Institute, observed in her speech, "with the Soviet people. At the present time we are united by the community of historical goals and tasks and the community of the concepts and mechanism of perestroyka in the USSR and in our country, Bulgaria."

This applies to the unions also. And if we attempt to define which aspects of the processes of perestroyka are closest to their basic functions, these are, in the opinion of a number of delegates, Mariya Sakirova included, the "restructuring" processes in the system of the economy and socioeconomic management. In fact, what kind of role really, and not only per the letter and spirit of the law, the enterprise act or the unions act, say, the unions will have and which of their functions will disappear and which functions they will acquire will depend on the nature, breadth and depth of the latter to a large, if not decisive, extent.

Naturally, the focus of attention for many participants in the exchange of opinions was the idea, virtually the most attractive for the unions, perhaps, of any country, embodied in the USSR State Enterprise (Association) Act—that of self-management of the workforce. The "frame" model of the self-management system set forth in the provisions of the act reserves for the unions the role of important component in this system, which

represents a new type of socialist democracy. Now, as certain participants in the discussion observed, the USSR unions are confronted with the need to determine their own action "alternative," which is undoubtedly correct.

### Self-Management and the Unions

The emergence of systems of workforce self-management—and a multi-variant character is conceivable here, depending on the conditions and wishes of the majority—inevitably predetermines (and in many respects) processes of perestroika and renewal in the union movement. This may be judged from the example of the unions of both the Soviet Union and certain other socialist countries. In Bulgaria, for example, where the development of self-management processes has encompassed all cells of the social organism, they were the basis for the "integral concept of reorganization" of the structure of the unions and their functional activity under the conditions of the self-management of the workforce elaborated by the 10th Bulgarian Trade Unions Congress (1987). In this connection the congress emphasized the importance of a rethinking of the role of the unions and the need for them to find in the process of restructuring and renewal their own "union character". "The unions," a representative of the Bulgarian unions believes, "should abandon tasks not within their province, whose fulfillment erodes their specific character and distracts them from problems of vital importance to the working people." Truly, the imparting to the unions of this function of state establishments and services or the other, as is the case in some socialist countries, hardly contributes to the solution of such problems and the unions' enhanced authority. Nor is this served either by experiments where the transfer of functions characteristic of the state onto a voluntary footing is practiced "under the roofs" of the unions.

The sphere of workforce self-management is another matter. Here is the unions' main field of activity. It is here that there is a great deal for them to do in preparing the working people for active participation in self-management. How difficult it is and how little as yet been done is shown by the numerous polls which have been conducted in the socialist countries, in the USSR included. Data obtained by the AUCCTU Research Center from the results of a poll of approximately 4,000 persons at various enterprises were, in particular, adduced at the conference. Some 27.5 percent of those polled, apparently, had not taken part in the realization of even one important commission of the workforce. Only 10.8 percent of workers and 22.4 percent of engineering-technical personnel and office workers participated in the elaboration and discussion of plans of economic and social development. Percentage participation in the solution of questions of the use of economic incentive funds was even lower: of workers, 6.4, of engineering-technical personnel and office workers, 5.4.

The legalized transition of the workforce to self-management has yet to become broadly attractive, and participation therein has yet to become a part of the value orientations of the man of labor (worker, employee, engineering-technical personnel). To judge by everything, the unions lack the ability to awaken mass interest in self-management, while they themselves frequently seem in the eyes of the working people not authoritative, independent organizations but a kind of auxiliary "social amenity service" with all the malfunctions characteristic of it under our conditions. Whence the disheartening results for them of a poll conducted in September 1987 of 350 officials of union authorities of various levels in 34 cities of the country, which were communicated at the conference by the same AUCCTU Research Center. To the question "How would you assess the role of the trade union body which you represent in tackling socio-economic tasks at the enterprise?" 51.4 percent replied: "It takes part, but has little influence," 23.3 percent declared that it "takes part formally" and 5.7 percent believed that it "does not in fact participate".

An important component of the new system of economic management which attracted the attention of the foreign participants in the meeting are the elections of enterprise executives. The guests learned that 36,000 executives of various levels were elected in our country in 1987, for example. What is new is primarily the fact that they are responsible not only to the state but also to the workforce which elected them. However, here also the process of change is encountering considerable difficulties of an organizational, psychological and other nature. The old stereotypes impeding the transition to genuinely free elections, as also, incidentally, to the efficient self-management of the workforce, are still strong here.

### Critical Side View

One could have seen for oneself at the conference once again what interest is evoked by each marked success en route to the Soviet perestroika. This by no means precluded the expression by our friends from various countries of critical remarks concerning the progress of perestroika in the unions themselves and their ability and desire to learn lessons both from their own experience of past years and from the experience of the fraternal unions. Thus, for example, in the course of discussion of the problem of self-management (Avid Miro), representative of the International Arab Trade Union Confederation, expressed a desire to see it comprehended in a historical retrospective. "Why has the country of Lenin," he inquired, "waited so long for the implementation of this progressive idea? Why were no decisive steps to realize it taken for seven decades?" However, instead of boldly looking truth in the eye, however bitter, the organizers of the meeting avoided an answer to this acute question, which nothing could have justified. After all, the idea of self-management of the workforce has finally acquired quite clear outlines in practice in many socialist countries, and it is being employed increasingly in this form or the other in

capitalist and developing countries also, as (Avid Miro) rightly observed. We have to agree with the appeal which he made for us not to avoid an analysis of our own blunders and objective difficulties, without the surmounting of which there can, as he emphasized, be no hope of success in the endeavor to realize the idea of self-management, which is being incorporated increasingly widely now in the alternative programs of unions operating under the conditions of capitalist society also.

Sava Zivanov, professor at Belgrade University and representative of the unions of Yugoslavia, voiced his attitude toward the processes of perestroika in the USSR from constructive standpoints of merciless realism. Recalling M.S. Gorbachev's words to the effect that the ideas of perestroika are of vital importance for both Soviet society and socialism as a whole, the speaker declared: "Either socialism finds within it the powers to solve the problems squarely confronting it or the crisis phenomena will grow into an open crisis, and socialism's lag behind the capitalist world will then intensify," which, in his opinion, would have "irreversible consequences for socialism as a whole." It is in the context of this dilemma that it is important to enhance the role of the unions operating under the conditions of the socialist social system. In the Yugoslav scholar's opinion, this is all the more important now, in the period of perestroika and the abrupt break with the command-bureaucratic system, in that in the past the unions in the USSR "always treated with a certain reserve (that is, temporizingly—B.S.) new phenomena in the development of the workers movement and new forms of social self-organization." The unions' attitude toward the factory-plant committees which emerged everywhere in 1917 and in subsequent years and their rivalry following the accomplishment of the Great October Socialist Revolution, which culminated in the subordination of the latter to the former, are confirmation of this. Will not development on this occasion also take the same path? Particularly if there is no serious restructuring in the Soviet trade unions, which took shape as "part of the system which Soviet comrades are now calling command-administrative".

As the scholar from Belgrade sees it, perestroika in the USSR's unions is barely perceptible and too slow, and "they are to a large extent still in the grip of the command-administrative system, which has not been completely overcome" and are operating as a part of it, which is creating some uncertainty. It is a question of whom the unions will follow—the forces of the supporters of command-administrative methods of the control of production and society, technocracy and inertia, backward, unskilled, uneducated and inert worker forces, or the forces of the restructuring and renewal of production and society, progressive workers and the S&T and liberal arts intelligentsia, which in terms of their social position and cultural level are called upon to work more efficiently and democratically for their own good and for the good of society as a whole.

This "side view" is based on the Yugoslav experience, which, in Sava Zivanov's opinion, could in certain aspects of perestroika serve as a warning. Thus inconsistency in the implementation of economic reform and the introduction of genuine self-management, as happened in his country, will lead to a distortion of the goals of the economic transformations, harm the working people's vital interests and cause a deterioration in the material situation of numerous groups of workers, which will inevitably give rise to discontent. Society's bureaucratic forces will take advantage of this and, having created an informal coalition of their own forces, will "in the name of the working people's interests" halt or attempt to halt both the economic reform and the democratization processes. Sava Zivanov concluded his arguments with a useful piece of advice, which bears heeding: "It is said that smart people learn from the bad experience of others. I would like to hope that the Soviet comrades and comrades from other socialist countries which embark on radical economic reforms and the introduction of self-management will be able to avoid the big mistakes which we made."

#### Conflicts Under Socialism—How To Resolve Them?

Although a positive attitude, on the whole, has taken shape in broad circles of the left, democratic movement toward perestroika in the USSR, this by no means signifies, however, that all is clear to these circles and that there will no longer arise or will arise, say, increasingly less for them questions which are for us difficult. On the contrary, their number is multiplying as the negative phenomena of the period of the Stalin cult and the stagnation period and of our present day also are revealed increasingly and more and more emphatically. And the question encountered most frequently, perhaps, is: "Why was this possible?" Things were no different at the trade union conference in Moscow either. As can be seen from a number of speeches, attempts to ascertain the nature of such "bureaucratic phenomena" as "excessive organization," "command-bureaucratic methods" and others were predominant.

We shall cite one example. Speaking in one of the panels, Ricardo (Lets), president of the National Unitary Agrarian Council of Peru, put as follows his question concerning the reasons for the deformations of socialism in the USSR: "Was the root of the evil and all that was negative that was observed in your country for 30, 40, 50 years and, perhaps, even for the 61 years which have elapsed since such powerful bureaucratism was forged that it crushed even the class interests of the working people to be found only in bureaucratism? Perhaps we should be speaking here of the existence of a bureaucratic bourgeoisie in your country?" And such "awkward" questions are being put by people who are amicably disposed toward us and who are doing this from the best motives—to comprehend in greater depth the essence, social roots and mechanisms of the old and the new in Soviet reality and the restructuring processes in the USSR. "I speak about this," Ricardo (Lets) observed,

"from the standpoints of an observer, detached, of course, and ask that I be understood correctly. We are all following the changes which are taking place in your country with great interest. The Soviet Union is the vanguard of socialist building in the world. And may you really have more socialism, more democracy."

It is the belief of Stefano Patriarchi, director of the General Italian Confederation of Labor Social and Economic Research Institute, that the emphasis should be put when talking of the introduction of self-management at the enterprises and in the workforce not so much on models thereof as on its essence. And the essence of the problem, the Italian representative believes, amounts to a question of "how to realize at a particular historical stage of society's development the transition from state to public ownership." Only on this basis is it possible to ensure genuine self-management. Its viability depends primarily on "how self-managing outfits are able to link broad democracy with economic efficiency." In the light, for example, of the fact that in the next few years the USSR contemplates dispensing with 16-18 million jobs, which cannot fail to have serious social consequences. Referring to the attempts to downplay the significance of the latter, Stefano Patriarchi deems unconvincing the opinion that the contradictions arising at Soviet enterprises (and not only in the employment sphere) are not antagonistic. "It seems to me," he declared, "that differences—and very appreciable ones—are arising between the interests of the working people and enterprise management, as far as jobs are concerned, for example." It is possible to speak here, in his opinion, about the existence of a conflict between the interests of the economic system and the working people.

The question arises as to how such conflicts of interests may be resolved. The Italian representative was dubious about the assertion heard in the discussion that disagreements may be resolved "by the method of democratic centralism," by a majority vote, for example, of the workforce council. And there is considerable reason for this doubt. In fact, if the "method" of decision-making by majority vote is deemed sufficient, how, taking this alone as a basis, can the vital interests of those who are in the minority be considered and satisfied, and the heterogeneity of the majority itself considered?

It is here that the unions may have their say as the spokesmen for the specific interests of all working people in their differentiated and diverse condition and interests which may not, consequently, coincide with those of the majority and, nonetheless, have to be defended in accordance with the principles of socialist justice and the legislation which interprets them. This, evidently, is an opportunity for the unions to perform a new role under the conditions of perestroika and the renewal of all aspects of life, which was dealt with in practice throughout the discussion—a role which is becoming particularly meaningful and necessary at the current stage of the S&T revolution.

### How To Secure Social Safeguards

Various detachments of the union movement displayed big interest in the practical activity of the USSR's unions pertaining to the accomplishment of the tasks of perestroika and the renewal of the life of Soviet society. Many delegates admired the breadth and depth of the transformations being undertaken in the country. "All this is breathtaking," Georges (Barye), a representative of Belgium's trade unions, declared at the conference, "but we Flemings say: 'A child cannot run before he has learned to walk'. Are you not attempting to do too much all at once, will this not lead to you running out of steam?"

The particular concern displayed by the participants in the meeting in respect of the possible social consequences of the reorientation of the economy toward an intensive path of development and enterprises' transition to economic accountability, self-financing, self-support and self-management was noteworthy. Would there not be a tilt toward the dismantling of certain particularly important social safeguards? For example, in the employment sphere once again, which is close to the working people, regardless of where they live—East or West. "The Soviet system is known as a system which guarantees the right to work," Georges (Barye) continued. "This continues to be the case, but reality could prove different. There are now enterprises which enjoy independence, and they could be forced, for example, to dismiss workers. What about social safeguards in that case?"

The logic of Georges (Barye's) thoughts was prompted by the realities of the reorganization of production under capitalist conditions. It is hard for him to see why largely similar changes in the organization and techniques of production in the current phase of the S&T revolution should lead somewhere to different consequences. "It is for you like it is for us in Belgium," he maintained and asked, addressing the Soviet unions: "How will you tackle these problems?" Indeed, how?

It is a question requiring a comprehensive answer, and not only from Soviet trade unions. The problem has been and remains the most serious for everyone in the West and in the East. It has undoubtedly acquired new seriousness under the renewal conditions of management in the socialist countries, Laszlo (Gal), deputy chairman of the All-Hungary Trade Union Council, observed. "The regrouping and release of manpower is an inevitability at the current stage of the S&T revolution," he added. This process has also begun in Hungary, where 2 million working people are employed in industry and 5 million people live solely on their wages. More than 300,000 workers, employees and engineering-technical personnel in the country will have to be moved to new jobs in the very near future. Unemployment is possible, and preventive measures are needed. The Hungarian unions see as such, first, the prompting of the government to increase capital investments for the purpose of creating new jobs. Second, they are demanding the formation of a special



financial fund sizable enough to cater for the re-instruction and retraining of workers and specialists with their retention of at least 75 percent of their wages. Third, workers who are released and who are nearing retirement age (55-65) being accorded the right to retire on pension somewhat earlier. Those who are unable to find work being granted, if they so wish, long-term credit for the exercise of individual labor activity.

There is little difference in principle in the situation in Czechoslovakia, which was outlined in his speech at the conference by Frantisek Brabec, secretary of the Czech Trade Unions Council. Here also the center of gravity in the unions' activity is shifting toward problems of employment. Given compliance with all constitutional safeguards, it is contemplated providing for the transfer of released manpower from the primary and the secondary sectors of the economy to services.

Jacques Obrier, representative of France's CGT, who heads the union's economic department, noted the similarity of a number of problems emerging under the influence of the S&T revolution in certain socialist and capitalist countries. For unions operating under capitalist conditions also technological innovations are not an end in themselves. "The ultimate goal with us in France is social progress and economic development," he observed. Not all technical progress is acceptable from this standpoint. The problem is how to use the achievements of the S&T revolution—to the benefit of the capitalists or to the benefit of the working class. It is this key question which has not been decided in favor of the working people. The unions have been unable to exert a determining influence in the process of use of the achievements of S&T progress for an improvement in the position of the working people. As a result France has even now 2.5 million officially registered unemployed, and the stratum of only part-time and temporary workers is expanding increasingly. According to some forecasts, the number of unemployed could in the coming years grow to 4 million. Two parallel processes are under way in the country: on the one hand manpower is being supplanted in production, on the other, a different type of worker deprived of all safeguards and firm social status is being created. What the employers are seeking is preservation of this status for the small nucleus of permanent employees whom they have selected. As far as the remainder are concerned, these will have to be workers representing "some kind of nomads who wander from place to place—wherever they are offered work today—and have neither a permanent roof over their heads nor a permanent job."

In the opinion of the participants in the discussion, granted all the difference in the nature of the problems of employment in countries with different social systems, certain approaches to a solution of them common to the unions may be distinguished. The viewpoint that technological innovations combined with progressive forms of the organization of labor are creating certain objective possibilities for a stimulation of the activity and an

enhancement of the role of the unions was expressed. At the same time, as the participants in the meeting believed, the time has come to rethink certain postulates of union policy which were until recently immutable. For example, in the present phase of S&T progress more capital investments do not necessarily mean more jobs. It is essential that the unions be more decisive in assuming responsibility for ensuring the social focus of all engineering and technological innovations. They are confronted by the whole course of development with the need to seek equal participation in the shaping of the policy of the engineering-technological and organizational renewal of production. This means, a speaker observed, that a union seeking "full employment" and satisfaction of other social requirements of the working people should be prepared to support also a model of socioeconomic development which is different from the traditional one and more efficient.

#### **The Unions—For Defense of the Environment**

Within the framework of thoughts about what the unions should actually be "restructuring" in their orientations and action programs a prominent place was occupied by other problems also. Problems of environmental protection and the attitude of the professional organizations toward them may be distinguished among them. The most characteristic feature of the exchange of opinions on this question was, perhaps, unanimity in the judgment that this global problem common to all mankind is now particularly serious for all social groups and all countries, regardless of affiliation with this social system or the other. Great concern for the "degradation" and "destruction" of ecosystems in West European countries was voiced by (Artur Mikalef), member of the Maltese Trade Unions National Executive Committee, who appealed to the unions of East and West "to put the emphasis on the creation of new employment which is not negatively reflected in the environment." Zbigniew Cepka, deputy chairman of the All-Poland Trade Unions Agreement, reported with concern the fact that pollution in excess of the norm was being observed in his country over a vast area constituting 10 percent of the territory, on which approximately 30 percent of the population of Poland lives. Approximately two-thirds of the forests are in the danger zone. From 2.2 to 2.8 million tons of sulfur dioxide, approximately half of which from neighboring countries, falls on the country's territory annually.

We would note that the representatives of both Malta's trade union center, which is a member of the ICFTU and European Trade Union Confederation, and the All-Poland Trade Unions Agreement submitted proposals similar in both essence and form. The program aims of these trade union associations are based on similar principles. They are the utmost increase in the pressure of public forces in the interests of the implementation of protective measures; notification of the public of the state of the ecosystems and the unions' more active participation in the shaping of the environment; supervision of the implementation of government programs;

an active role in the elaboration of legal rules; establishment of a relationship between problems of environmental protection and the solution of other global problems, socioeconomic included. The latter particularly in connection with the need for disarmament and the creation of a nuclear-free, nonviolent world. Incidentally, it was these problems which were the pivot around which debate at the conference developed in many instances. A "round table," at which many speakers spoke of the paramount significance for the unions of their more active participation in the antiwar struggle, was devoted to them. The idea that it is the duty of the union movement to seek a continuation of the disarmament process initiated by the Soviet-American INF Treaty was heard in many speeches.

#### In Place of an Afterword

Granted all the diversity of the subjects broached in the course of the debates at the conference and inspired by the ideas of perestroika and renewal in respect of problems of the international trade union movement, many participants in the forum nonetheless highlighted the question of the fate of the unions. Fear in the face of the devastating (particularly in the social sphere) consequences of the S&T revolution and their gradual recognition are imparting impetus to a more vigorous policy of the unions' participation in the control of innovation processes in production, the solution of problems of employment and unemployment, environmental protection and prevention of a nuclear catastrophe.

However, it is generally recognized, even this is not enough. The unions will be unable to ensure their effective intervention in respect of all these and other problems unless they find a way to adapt their structure, functions and general character to the changes in the composition of manpower. "We are currently experiencing a period of the introduction of new technology and the extensive application of chips, when each worker will have more than once in his lifetime, possibly, to change his specialization," a representative of Greece's unions declared and asked: "Does this not signify a need for the unions to change their form and the content of their activity at least at the regional and sectoral levels?"

At some stage of social development the working class and the unions attempted to "protect themselves" by way of blocking new technology, the representative of France's CGT observed. However, this experience suggested, he continued, that "the battles being fought by the union to halt the development of new technology are tantamount to suicide." And, further: "We must now, on the contrary, raise our capacity for understanding and controlling new production processes inasmuch as this is the best method of defending the working people's interests. We will thus gain an opportunity to more easily establish contacts with the production process and conclude collective agreements and put forward alternatives to the employers' decisions." Similar ideas were developed at the conference by representatives of Italy's trade

unions. They expressed the opinion that it is now no longer sufficient to uphold and defend the status quo in social and labor relations. "What is needed is a union which has a wide-ranging action program," the representative of the CIGL observed. "The introduction of new technology is a process which contains not only great danger but also offers the unions an opportunity."

The impetus provided by the ideas of perestroika and renewal elaborated and developed in respect of our domestic processes is undoubtedly a phenomenon of long-term impact. It has exerted and will continue to exert an appreciable influence on international life, on the processes occurring in the international trade union movement included. This is confirmed also by the material of the wide-ranging debate at the international scientific-practical conference "Perestroika, New Thinking and the Trade Union Movement".

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#### All-Union Symposium on World Social Development Reviewed

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[Report by Valentin Sidorovich Rakhmanin, candidate of philosophical sciences, head of Voronezh University's Scientific Communism Department: "Problems of World Social Development in the Light of the New Thinking"]

[Text] "Social Progress in an Integral, Interconnected World"—such was the subject of the regular (14th) all-union symposium of the "Problems of the Contemporary World Revolutionary Process" Scientific Council. Opening remarks to those present were addressed by V.D. Sorokin, prorector of the Leningrad Higher Party School, at which the symposium was held in March 1988. The following took an active part: V.M. Alekseyev (Leningrad), S.D. Belenkov (Moscow), R.N. Blyum (Tartu), A.A. Valuyskiy (Kiev), G.G. Vodolazov, A.I., Volkov and O.P. Gayduk (Moscow), Yu.V. Yegorov (Leningrad), B.G. Kapustin and I.M. Klaymkin (Moscow), S.E. Krapivenskiy (Volgograd), Yu.A. Krasin and I.M. Krivoguz (Moscow), E.N. Matyunin (Leningrad), V.N. Mironov, I.K. Pantin, S.P. Peregodov and L.N. Puchkova (Moscow), V.S. Rakhmanin (Voronezh), S.I. Semenov, Yu.V. Sokolov and A.G. Sytin (Moscow), A.A. Chelyadinskiy (Minsk), Yu.M. Chernetsovskiy and V.V. Chubinskiy (Leningrad) and V.F. Shelike (Frunze).

The focus of attention of the symposium was the problem of the correlation of social progress and the world revolutionary process. This question, Yu.A. Krasin declared, has been put on the agenda not by academic interests but life itself and the intensifying internationalization of human existence. The new political thinking, the meaning of which is an understanding of the integral

contradictory world, is compelling a new look at social progress also and severing the framework of narrow, sometimes sectarian ideas concerning its content and the main directions of development.

The "Social Progress in the Modern World" theses prepared in the course of scholarly seminars at the CPSU Central Committee Academy of Social Sciences Department of World Politics and the International Activity of the CPSU with the participation of international affairs specialists of a number of other institutions were presented at the symposium.\* The debate turned on the main question formulated in the theses: "If the realities of the modern world are prompting mankind to a recognition of its wholeness, is not the very model of world development which took shape earlier undergoing changes also—in all manifestations, in all spheres?"

Paradoxically, the symposium, which was devoted to social progress, concentrated a considerable part of its efforts on the crisis of modern civilization. The pivotal nature of contemporary social development has become a generally recognized scientific fact. Particularly in the light of the new thinking. However, the "crisis of civilization" concept in respect of the present day is still greeted with caution. It was formulated and has been employed chiefly in bourgeois and sociological concepts which have always been criticized by Marxist social scientists for methodological groundlessness and historical pessimism. Yet an in-depth and comprehensive analysis of the state and prospects of modern civilization from the standpoint of the theory of social revolution and international relations is essential.

#### **Essence, Manifestations and Sources of the Crisis of Modern Civilization**

The "crisis of civilization" concept, G.G. Vodolazov emphasized in his speech, very responsibly, requires a precise and subtle description. The following course of thinking may be encountered in some articles: the world today has come up against problems born not so much of the general crisis of capitalism as of the "crisis of civilization". There is a grain of truth in this. The current crisis in the world is a broader system than the crisis of just one formation (capitalist). The crisis situation has affected all formational structures without exception. But this formula is methodologically vulnerable also. It prompts a search for the roots of the current crisis not in the social and class conflict characteristic of the crisis of capitalism, these roots are seen in the contradictions between contemporary mankind and nature, between man and the problems with which the development of technology has confronted him. Consequently, this is not a question of social confrontation, not a question of social action, not a question of movement toward socialism but a problem of the cooperation of all people, to whatever social groups and classes they belong, in the name of the surmounting of the "crisis of civilization".

The basis of the current situation, G.G. Vodolazov continued, is the social conflict occurring in all formational structures. But the civilization conflict is not a sum total of the intraformational conflicts. It may be defined as the struggle of the forces of alienation and the forces of human emancipation, that is, of social progress. These forces are of a different specific sociopolitical and socioeconomic nature in different social systems. The conflict between them may be resolved only in forms of the process of changes which is under way in all formational structures. The general alternative to the present world crisis situation and long-term goal in the worldwide social struggle is genuine, really developed socialism.

Taking issue with G.G. Vodolazov, A.I. Volkov observed that the call for an analysis, already mastered, of the crisis of civilization to be addressed chiefly from the standpoints of the confrontation of class and group interests and for the reasons therefor to be sought mainly in this sphere would not seem the most fruitful. It is more important today to master a planetary level of thinking and, specifically, comprehend the crisis of civilization as the confrontation of human activity in general with the laws of the development of nature. Such a notion does not deny the class struggle but supplements it appreciably and reflects the novelty of the situation, which has demanded new political thinking. Today an analysis of the development of capitalism and socialism is inconceivable separately: coexistence, competition and mutual influence bind them such that insufficient consideration of this could lead to serious mistakes.

The crisis of modern civilization, B.G. Kapustin believes, may be defined as the contradiction, which has become extremely serious, between the objective interests of the continued progress of the human race on the one hand and industrial forms of the organization of people's activity and the institutions, rules, values and the extent of the development of man himself which they have brought about on the other. It is a crisis of the principle of industrialism in all its manifestations—from the spheres of policy and culture through the economy and use of nature. The crisis of civilization is not identical to the crisis of formations in the modern world. But there is a connection between the formational and civilization aspects of development. First, a genetic connection. The confrontation of industrial forms of social organization (primarily the industrial type of productive forces) is connected with a particular phase of the development of capitalism. Real socialism in the form in which it has taken shape historically has come to embody the same industrial organization, but with other formational characteristics. The "third world" has found itself associated with the industrial civilization in specific forms via a system of colonial and neocolonial dependencies. Second, there is between the civilization and formational aspects a functional connection. The crisis of industrialism is an expression of the crisis of a particular phase and particular type of capitalism, of the "precrisis state" of the corresponding model of socialism (intensified by, but not born of negative manifestations

of the subjective factor) and a crisis of the current forms of the "third world's" association with global processes and also of the very model of "catch-up growth".

In S.I. Semenov's opinion, the crisis of civilization has been brought about not so much by crisis phenomena in this system or the other as by the new problems set mankind by co-evolution, the contemporary S&T revolution and the conversion of man into a cosmic subject. In addition, the specific crisis in so-called developing countries reflects the incapacity of capitalism for overcoming the intensifying gap between the developed and "developing" countries. And without these countries' active participation, finding a way out of the crisis of modern civilization and building a safe and nonviolent world are impossible.

V.F. Shelike called attention to the fundamental importance of Marxist theory and methodology of the analysis of mankind into three world-historical stages: barbarism, civilization and communism. F. Engels described the essence of civilization via the most important features of production, intercourse, society, state and consciousness, which determine man's attitude toward the world. In the era of civilization the essence of production is its conversion into commodity production, the essence of intercourse, its commodity-money nature, and of society, its separation into classes and town and country and the sum total of monogamous families based on male domination of the female. The connecting force of civilized society is the state. As Marx and Engels believed, people's basest motives and passions "developed" to the detriment of all their other instincts are set in motion in the consciousness. Civilization engenders alienation and dehumanizes the attitude toward the world. At the same time it develops the human aspect of relations also, creating at the heart thereof the forces and conditions for the solution of the contradictions of social progress. It is useful and necessary, V.F. Shelike believes, to incorporate the "crisis of civilization" category in the modern arsenal of Marxist-Leninist concepts.

#### **Crisis of Civilization and the Problem of Alienation**

Mankind has approached the point where it may be subject to self-annihilation. A real danger of general thermonuclear catastrophe has arisen. But the crisis amounts to more than just this. Mankind has rapidly approached the limit of pressure on nature which upsets the standard of ecological safety. Many aspects of modern civilization, often mysterious and elusive to science, are having a destructive impact on man's genetic structure and psyche. The danger of science being used for purposes threatening to mankind is growing. The gap between the industrially developed and backward countries has become a crisis for civilization.

The above-mentioned Academy of Social Sciences theses discussed at the symposium emphasize: "The essence of the crisis in most general form is clear: mankind has not

found reliable means of averting global catastrophes of a military, economic and ecological nature and so forth. In addition, the threat of these catastrophes is constantly being reproduced by the action of the military-political, economic and social mechanisms and structures which took shape at the preceding historical stage. Sufficiently dependable mechanisms which would unite the efforts of countries and peoples in the solution of the common problems of mankind have yet to be created here."

State-monopoly capitalism is intensifying the crisis of civilization, but socialism also, in the form in which it has taken shape historically, has been pulled into it, and no social system can overcome it "in isolation".

E.N. Matyunin emphasized that the world's interdependence makes for the international nature of the crisis, and although the crisis phenomena are occurring specifically in the capitalist, socialist and "third worlds," the sum total thereof is expressed internationally.

In S.E. Krapivenskiy's opinion, the danger of the "vandalization of culture" looms currently not only over the regions of developed capitalism and the "third world" but, owing to a number of internal and external factors, is causing growing concern in the socialist "subsystem" of the interrelated world. It is leading to the destruction or, at least, the degradation of the personality. The vandalization of culture and the irrationalization thereof connected with it are attributes of capitalist progress. But they are influencing our culture and our way of life to the extent and in the forms in which this is permitted by the internal condition of the socialist society. The deformational processes which, while having arisen in the political superstructure, have crossed into the economic and social spheres also have been subjected to the danger of the "vandalization of culture" with us in recent decades. A distortion of the principle of social justice has been reflected in the culture of our society and its spiritual mood. The undermining of high moral values (ideological conviction, labor morals, Soviet patriotism) is a manifestation of the "vandalization of culture" or, at least, propitious soil for the duplication of negative tendencies of Western influence in this respect. A "vandalization of the culture of relations"—interpersonal ("non-regulation" relations have taken shape in the army, for example), sexual (growing sexual promiscuity) and inter-nation (the excesses in Kazakhstan and Azerbaijan)—is taking place. The "residual approach" to the sphere of concern for man and social benefit "No 1"—the health of the individual and society—is also nothing other than a symptom of vandalization.

As it seems to the author of this roundup, all these phenomena, to which we should add the violation of socialist legality, the underdevelopment of the law-based state, disregard for cultural and natural monuments, the exclusion from intellectual life for many decades of many literary figures, administrative interference in culture and



so forth, have their own internal sources born not so much of interaction with capitalism, but primarily of the Stalinist and subsequent deformations of socialism.

The leitmotiv of many speeches (R.N. Blyum, A.A. Valuyskiy, G.G. Vodolazov, Yu.A. Krasin, S.P. Peregudov, A.G. Sytin, V.F. Shelike and others) was the problem of alienation as a mechanism and manifestation of the crisis of modern civilization.

V.F. Shelike recalled the idea of K. Marx and F. Engels that mankind has created in all formations preceding communism both human and dehumanized attitudes toward nature and people. In the phase of civilization the dehumanized aspect of relations between people acquires the features of a) alienation of the working man from labor (toward which he is either indifferent or which he flees, as Marx put it, as from the plague); b) man's alienation in the process of intercourse (interest in individuals is replaced by interest in money and profit, and the individual himself changes from an end into a means); c) alienation of the working man from society, the state and administration; d) alienation of the working man from intellectual life (owing to the lack of free time); and so forth.

A.G. Sytin opposed the abstract and extra-historical approach to alienation. The nature and degree of alienation depend not only on the specific social structures but also on the historical and even individual types of personality. There are as yet no grounds for speaking of the task of the removal of alienation altogether, and it is a question, evidently, of the removal of particular forms of alienation. It is clear, however, that these forms are not indifferent to content. The problem of the humanization of social relations is of current interest in the struggle for an appreciable lessening of the degree of alienation.

S.P. Peregudov criticized the notions that alienation is inherent only in capitalism and that present-day socialism is overcoming it. Given the socialism which has taken shape in our country, alienation has become a most acute social problem. The main reason is the usurpation by a narrow group of administrators and government officials of the control of socialist property and the distancing of the working people from participation in management. All our truly dramatic problems are connected in one way or another with alienation. It is time for us to examine this phenomenon not only and not so much even as a philosophical category but primarily as a moral category of paramount practical significance. Alienation is also a historical category. The struggle to overcome it is and will remain a most important task of the revolutionary renewal of society most closely connected with the struggle for democracy.

A number of speeches defined social progress as the surmounting of alienation. This formula is unexceptionable in itself, Yu.A. Krasin said. It is, however, too abstract and is in need of specification. The alienation

category stands at the sources of Marxism. K. Marx employed it extensively in his early works. Later he came to the conclusion that alienation under capitalism was connected with the position of classes and social groups in the system of economic relations. K. Marx showed that the causes of alienation are rooted in capitalist exploitation, whose secret he revealed, substantiating the theory of surplus value. The Marxist approach orients us today toward a specific analysis of the forms of alienation. The crisis state of human civilization and the threat looming over it are forcing us to think not about alienation in general but about the forms thereof which need to be overcome in the first instance. Recognition of the whole depth of the danger and the search for ways out of the crisis of civilization demand primarily the release of the mind from inhibitors which are preventing a pooling of the efforts of mankind in the conscious settlement of growing global problems, of survival primarily. The rejection of a sensible search in this direction presupposing the interaction of opposite social systems within the framework of the planetary consciousness of the human race would be a kind of alienation from reason.

A complex issue discussed at the symposium were the particular features of capitalism at the pivotal stage of world social development. The relationship of the civilization and formational aspects of the crisis, the majority of the participants believed, by no means thereby signifies an immediate intensification of the general crisis of capitalism. First, capitalism in the 1980's is attempting to get its "second wind," mobilize its resources and potential and make itself more dynamic by having harnessed the technological revolution. Second, the global problem of survival means the coexistence of various formational structures and, consequently, the particular formational survival of capitalism. But this does not do away with the internal social antagonisms of bourgeois society. There is a growing need today for a theoretical comprehension of the particular features of the evolution of capitalism not only under the influence of the S&T revolution but also under the influence of the catastrophic danger in which mankind finds itself.

Is the general crisis of capitalism intensifying at the end of the 20th century? Has, perhaps, a period of the stabilization of capitalism set in? These questions, K.M. Tsagolov emphasized, are by no means abstract. They are posed by practice. It should obviously be recognized that our ideas concerning the tenacity of capitalism have not been entirely accurate. And this not because of mistaken analysis. Had the S&T revolution come 40-50 years later, the original forecast concerning the demise of capitalism would, in the speaker's opinion, have been correct. But the S&T revolution has made and is continuing to make such structural changes to the vital fabric of capitalism that the original ideas concerning its crisis have ceased to correspond to the new realities. Capitalism has discovered such possibilities of adaptation under the conditions of the S&T revolution that it is legitimate to conclude that the S&T revolution has

extended considerably the process and altered the mechanism of the self-disappearance of capitalism and revealed new potential of its survivability. And this is "lowering" the intensity of the class struggle.

I.M. Krivoguz expressed the conviction as to the need for a reconsideration of ideas concerning the general crisis of capitalism as a process of direct loss. Of course, the highly efficient use of the S&T revolution has led in capitalist countries to serious changes in the structure of production, society and power. The contradictions of capitalism have multiplied and intensified. However, the conservatives, expressing the interests of the TNC (the dominant force of contemporary capitalism), have proven capable of providing for the further development of the productive forces, winning significant strata of the population to their side and organizing a global offensive aimed at restoring to capitalism world hegemony. The change in the structure, position, interests and character even of the working people has complicated their resistance to the intensifying exploitation and demanded a restructuring of the workers movement. Only a policy capable of ensuring more efficient socioeconomic development with obvious benefit to the majority of the population could be an alternative to the policy of the conservatives.

A.I. Volkov saw the concept that the trends of the putrefaction of capitalism had become determining as a false stereotype and theoretical myth. In highly developed countries, L.N. Puchkova believed, capitalism has evidently become firmly entrenched for a long time. It not only engenders contradictions but also creates mechanisms for their solution.

I would like in this connection to mention that affirming this fact is not difficult. But Marxism is confronted with the question: what are the limits of state-monopoly capitalism's capacity for resolving and "settling" the intrinsic contradictions of its system, what is its terminal boundary, if there is one?

#### **Priorities of Social Progress. Is a Different Model of World Social Development Possible?**

The crisis of modern civilization is the impossibility of ensuring the progress of mankind on the foundations, by the methods and in the directions as was possible in the past. While allowing technological and social spurts of individual countries or groups thereof, the structure and nature of world social relations which have come about do not, nonetheless, cater unilaterally for just, dependable and secure progress for anyone. Increasing man's "power" over nature unchecked is ecologically impermissible. An aspiration to the military-strategic superiority of some countries to others will ensure security for no one and will lead to general catastrophe.

The following questions are inevitable: what is the way out of the crisis of civilization, what are the possibilities and foundations of social progress at the current turning

point of world history? Is it within man's power to change the course of social development which has brought him to a situation where each step along the traditional path intensifies his critical condition, with no turning back. On what civilization and formational foundations is a transition to a nuclear-free and nonviolent world, to a really humanitarian civilization possible (or is it possible)? These questions required of the participants an in-depth analysis of the relationships and contradictions in the modern world. It would be naive to expect the 100-percent reliability and comprehensive thoroughness of the viewpoints expressed, but the participants endeavored to interpret the questions broached from standpoints of the new thinking.

It is essentially a question today, I.K. Pantin observed, of grasping and mastering a historical reality appreciably different from that which K. Marx, F. Engels and V.I. Lenin analyzed, while applying to the analysis of this new reality Marxist dialectical method. It is important to understand, he continued, that the material conditions of modern civilization are to an appreciable and ever growing extent worldwide and global in nature. The universal is today a part of the material prerequisites of the development of socialism, capitalism and the emergent countries. Via the common problems of mankind and global dangers and via economic and cultural relations the international nature of the dealings of any society, to whatever sociopolitical system it belongs, is introduced today to the common, albeit contradictory, socium of international relations. Additional opportunities and stimuli of development which do not exist in a "divided," segmented world appear to each society in this connection. Problems of survival and development today turn on the need for the surmounting of the fragmented, "split" world. There is no other path which would enable the peoples to survive and develop further at the current stage. Orientation of the new political thinking toward the survival of the human race is not simply realism and a sober consideration of the current situation. It is additionally a new notion (approach to one, in any event) of the paths of the historical process and social progress and recognition of mankind's progressive development based on the interaction of different formations and civilizations. Not the sole universal solution for the whole world but a search for a model of the integral development of mankind which is oriented toward the diversity, different approaches, specific conditions, divergent traditions and circumstances and differences in the formation of civilizations and so forth.

V.G. Kapustin linked the solution of problems of the survival of mankind and the surmounting of the crisis of civilization with the arrival of all formational structures at a fundamentally different level (it would be more precise to say, perhaps, type—V.R.) of development, with industrial civilization being replaced by a post-industrial or S&T civilization. A way out of the crisis of civilization presupposes not the separate transformation of various formational systems occurring on parallel

courses, as it were. The general formula of world development is changing. The old formula was expressed by the maxim "at the other's expense". The extent of socialism's advance was the extent of capitalism's retreat, and vice versa. An increase in wealth by developed capitalism resulted in the proportional misery of the "third world" and so forth. This is the formula of antagonistic progress. Further advance along this path is now possible only at the expense of mankind as a whole. The new formula of world development is based on the imperative "not at the expense of..." (man, nature, other peoples). It advances the principle of "co-development" and the ideal of a nonviolent world. The concept of general and all-embracing security is the first refraction of this formula in the sphere of international relations. In V.G. Kapustin's opinion, the crisis of civilization has brought about an inversion of the formational and civilization transformation of mankind. Earlier Marxist theory of social progress regarded the elimination of capitalism and the triumph of the new formation as an essential prerequisite of such civilization transformations as harmonization of the relations of society and nature, humanization of international dealings and realization of the ideal of "lasting peace," the molding of a new type of individual and so forth. Under current conditions the progressive movement of history and the very survival of mankind are directly connected with the establishment of a new, post-industrial civilization, which must be the prerequisite and basis of subsequent formational transformations.

A similar viewpoint was expressed by Yu.A. Krasin. Today, in his opinion, the task is to find a way out of the crisis of civilization not on the paths of the establishment of a common social system but in the process of joint efforts in the solution of most acute global problems. This will not do away with the rivalry of the social systems, but the path of world social progress runs through their interaction, in which not only confrontation but also mutual enrichment are manifested. The present state of technological progress demands a worldwide pooling of efforts in the development of science. The integration mechanisms of the capitalist system are of interest to socialism. It is legitimate to speak of the need for study of the mechanism of integration of the EEC and the possible application of some aspects of this experience for solution of problems of integration within the CEMA framework. Things are more complex in the intellectual sphere. But sectarian ideas concerning the complete isolation of the intellectual culture of socialism from intellectual-ideological processes in the capitalist world are harmful here also.

Does not this process of the interaction and mutual enrichment of the social systems signify convergence? Perhaps we have been criticizing this concept advanced by bourgeois theorists back in the 1960's to no purpose? There can be no convergence because even at the new twist of the historical spiral, which it has reached as a result of the technological revolution, capitalism engenders the objective need for socialism. In the broad historical plane

socialism is the alternative to capitalism growing from the internal laws of the development of the latter.

V.N. Mironov advanced the proposition that the restructuring of socialism and the democratic alternative to capitalism are the two optimum forms of modern progress. In his opinion, a synchronicity of the intra-formational transitions of socialism and capitalism from one phase to another is being observed. Perestroika in our country signifies a transition, conditionally speaking, from state socialism to self-managing socialism. Under capitalist conditions a transition from state-monopoly capitalism to a kind of "neocapitalism" with particular features of corporatism and transnationalization is evidently under way. Although Western societies today are taking a conservative-right path of restructuring, the democratic alternative version seems by no means improbable. The main thing that may be said definitely about the contours of such an alternative is the necessity of struggle against the bourgeois-technocratic state as the arterial direction of democratization. It would be a question of a kind of socialization and abrupt strengthening of the civil society and the creation of sociopolitical structures alternative to this state. It is struggle between self-managing structures and the state which constitutes the content of a kind of "long march" toward socialism. The priority goals of a democratic alternative would be the democratic nature of the development of the S&T revolution, questions of the survival of mankind, the ecology and global problems. The problem of man should occupy a particular place. A broad unification of progressive forces is possible in the struggle for these goals. Realization of the democratic alternative with an outlet to socialism would be the optimum form of progress in the West.

L.N. Puchkova observed that the antimonopoly strategy which has been elaborated in recent decades by the communist parties of developed capitalist countries has so many weak points that it is hardly tenable.

S.P. Peregodov was opposed to an undervaluation of democracy upon an analysis of problems of social progress. From his viewpoint, democracy and democratization are not only a most important criterion of social progress and its main content, they are also the mechanism and set of instruments with which it may be realized, whether under conditions of socialism or capitalism. But democracy is a "medicine" which brings about turbulent, sometimes unpredictable reactions of the social organism, exacerbates the current contradictions therein and changes the balance of social and political forces.

Each social system also formulates defense mechanisms, as it were, designed to avert the destructive consequences of democratization for the current system of social relations. Such mechanisms in capitalist countries by no means amount to organs of coercion, and these latter are not the essence thereof. The main thing is the rooted nature of bourgeois relations in the civil society

and the system of relations between the forces predominant therein and the state strictly limiting the possibilities of the democratically elected authorities.

"I would make so bold as to maintain," S.P. Peregudov declared, "and this corresponds in full measure to the class, Marxist approach, that bourgeois democracy, developing primarily under the impact of the struggle of the masses, contains not only 'system' but also 'sub-system' elements which are inherent both in bourgeois and also socialist society.... Are we in our country really clear about what defense mechanisms of a 'nonpower' nature there are and should exist and develop under the conditions of the democratization of socialist society? It seems to me that, as distinct from bourgeois society, these mechanisms may (and will) take shape not in spite of but together with the development of socialist democracy in the process of genuinely socialist democratic principles into our civil society" (sentence as published).

For socialism democratization means, A.G. Sytin pointed out, a break with the mechanism of the deceleration and an increase in the dynamism of the system and the increasingly extensive revelation of its essential features. Democratism is designed to make a reality of the human focus of socialism. The consistent struggle of the forces of progress for the democratization of the capitalist system on the one hand reveals the considerable potential of the latter, but, on the other, leads to a limitation of the capitalist logic of the organization of society. The democratization of international relations also signifies a limitation of the law of the strong imposed by capitalism.

G.B. Khan opposed the reduction of social progress to the transition from one social and economic formation to another. At any given moment human society represents a multitude of social organisms, which differ among themselves both in the phase of historical development at which they find themselves and in the version of this formational or interformational phase which they demonstrate. We are studying insufficiently the multi-variant nature, unevenness and zigzag character of the world-historical process. The dialectics of unity and diversity, evenness and unevenness and irreversibility and zigzag character in the world-historical process ultimately lead to the progressive advancement of mankind as a whole from the lowest formations toward the highest.

The symposium heard repeatedly the idea that the survival of mankind and social progress require the efforts of all countries to reorient international relations from positions of power confrontation to a mutually profitable and just balance of interests. Promising impetus has emerged in the relations of the USSR and the United States. But this process has yet to become all-embracing and is progressing with difficulty. The most important problem is whether "capitalism will be able to adapt to the conditions of a nuclear-free and disarmed world, the conditions of a new, just economic order and the conditions of an honest

comparison of the spiritual values of the two worlds" (M.S. Gorbachev, "October and Perestroika: the Revolution Continues," Moscow, 1987, p 48). Unfortunately, this question did not meet with a sufficiently comprehensive answer at the symposium, although the participants returned to it repeatedly. Nonetheless, their deliberations are of interest as theoretical quest for probable paths of a restructuring of relations between capitalism, socialism and the "third world".

The thinking of all past generations, K.M. Tsagolov said, was built on a recognition of wars and armed violence as an age-old law of life. The idea of a nonviolent world remained a dream. Thus was the fatalism of thinking formed. Under the new conditions, however, the peoples have for the first time seen one another not in a patchwork fragmentation of countries fenced off by national borders but as a single community of people. The idea concerning man's behavior—the moral imperative as a direct consequence of the S&T imperative—emerges on this basis. Man's natural aspiration to switch from a consciousness creating an image of the enemy and the implements of his destruction to one recognizing the wholeness of mankind which is contradictory and inter-related and the creator of the implements of self-improvement arises. It is this which is the soul of the new political understanding of the world.

The speeches of V.M. Alekseyev, E.N. Matyunin, A.A. Valuyskiy, K.M. Tsagolov and A.G. Sytin analyzed the new priorities of social development and international relations, which will in one way or another influence all formational structures, capitalism included. A.A. Valuyskiy, for example, emphasized that the struggle for humanization of all mankind and each individual is a struggle for the ability of politicians and all progressive forces to dialectically combine world, national and class interests. In other words, a struggle to do away with the traditional gap between political practice and values common to all mankind and shape a qualitatively new moral atmosphere in the international arena.

E.N. Matyunin expressed the opinion that a way out of the crisis of civilization is possible only on the basis of the mutual renunciation by capitalism and socialism of some of their particularly egocentric, narrow class-based essential manifestations. For capitalism this must obviously be a renunciation of militarism and neocolonialism. For socialism, a renunciation of dogmatic fundamentalism in revolutionary theory and practice.

Discussion developed at the symposium on problems of the role of violence in history and on concepts of national reconciliation. E.N. Matyunin recalled the basic proposition of the "Delhi Declaration on the Principles of Freedom From Nuclear Weapons and a Nonviolent World" signed by the USSR and India: "Nonviolence should be the basis of the life of human society" (PRAVDA, 22 November 1986).



K.M. Tsagolov disagreed with Ye.G. Plimak's proposition "concerning the expulsion of violence from history as an immediate practical task" (see PRAVDA, 14 November 1986 and also VOPROSY FILOSOFII No 6, 1987). Formulating the question thus means ignoring the existence of class antagonisms and renouncing class struggle. The proposition expressed by Ye.G. Plimak is relevant, but in respect of interstate relations. The expulsion of violence here is an imperious demand of the nuclear age and a condition of the salvation of mankind from suicide.

Speaking of the interaction of vari-directional forces, A.A. Valuyskiy posed the question of the formation of a new standard of intercourse and, particularly, the molding of a "culture of disagreement" of various political forces. The establishment of such a culture is a long and complex process. Until recently it was believed that a "culture of disagreement" could be established in relations with "sensible capitalists with an interest in the development of trade and economic and S&T relations with the socialist countries. Recent years have shown the real possibility of finding a common language with this part of the ruling class in the bourgeois world. A more complex and difficult task has arisen now: shaping a "culture of disagreement" with the part of the imperialist bourgeoisie which expresses the interests of the military-industrial complex. The first steps have been taken: the negotiations between M.S. Gorbachev and R. Reagan and the signing of the INF Treaty. What was impossible from the standpoints of the old thinking proved possible under the conditions of the shaping of the new political thinking.

A dangerous aspect of the crisis of civilization is the alienation of foreign policy from standards of morality common to all mankind. In this connection V.V. Chubinskiy called attention to certain difficult moments and wrong decisions in the history of our foreign policy. From the very outset the USSR demonstrated to the peoples a new moral content in international activity. However, Stalin's deformations penetrated the international sphere as well. Rectilinear pragmatism, political myopia and a readiness for the sake of benefits of the moment to sacrifice more important long-term goals, great-power ways, reliance on power solutions and disregard for world public opinion came to be manifested increasingly in foreign policy. Such examples were the Soviet-German Treaty of 1939, events in Iranian Azerbaijan, the break with Yugoslavia and others. Relapses into the pragmatic and "power approach" to international problems were observed right up to the start of the 1980's. The concept of new political thinking proclaimed by the CPSU has become a significant fact in international life. This concept contains an undoubted moral principle.

A number of speeches analyzed such a distinctive sociopolitical phenomenon of the 1980's as the concept and practice of national reconciliation. It was examined in

both the regional aspect and on the basis of the material of individual countries (Afghanistan, Nicaragua, El Salvador and others).

From the viewpoint of S.I. Semenov, a split in the original unity of the anticolonial or democratic front or single organization even heading a revolution has in many instances been the starting point of a conflict. The split is frequently caused by tribal, class or even personal circumstances, which are used by imperialist forces to carry out indirect and, sometimes, direct aggression. All this has usually led to a narrowing of the social base of the existing regime and in the majority of cases to the outbreak of civil war. National reconciliation may be considered a process of the regrouping of social forces aimed at expanding the social base of progressive political and public organizations, ending foreign interference in a conflict and transferring the latter from a military to a political plane. This affords an opportunity for dialogue between the inimical parties and reconciliation based on the creation of a mixed regime presupposing a multisector economy, a multiparty political system, polyethnic statehood (if it is a question of a polyethnic composition of the population), ideological pluralism and nonalignment as the basis of the foreign policy course. The political vanguard also undergoes pronounced changes, its functions are democratized, the social basis expands and ties to the masses and public organizations are strengthened.

Does such a policy lead to progressive transformations or does it signify a compromise breathing-space for the revolutionary and democratic forces which have come up against the resistance of these strata of society or the other? S.I. Semenov believes that, despite the renunciation of declared social transformations, the regrouping of forces may be seen as a manifestation of social progress. However, it is impossible to ignore also the danger of social regression connected primarily with the practice of state terrorism exercised by imperialist powers (the United States particularly) and the incorporation of mercenaries and their political representatives in the country's system. Upon national reconciliation it is necessary to strive for a halt on the part of all states to the armed support and financing of irregular military formations and groups and a ban on the dispatch of armed mercenaries into the area of conflict.

O.P. Gayduk analyzed various versions of national reconciliation policy. For a long time Zimbabwe's patriotic forces conducted an armed struggle against racism and the oppression of the indigenous population. They gained the mass support of the vast majority of the people, who had seen for themselves the racist regime's incapacity for resisting the strengthening of the national liberation movement. The struggle enjoyed international support also. Under these conditions the Muzorewa-Smith coalition government was forced to accede to the Lancaster House compromise in 1979. Worked out on a tripartite basis, with the participation of Great Britain, the compromise largely failed to correspond to the demands of

the patriotic forces and put the achievement of the goals of the national liberation struggle in jeopardy. But one very important element was present here—the majority of the population supported the Patriotic Front for the Liberation of Zimbabwe. Subsequently, relying on this support, the R. Mugabe government consistently pursued and continues to pursue a policy of national reconciliation, achieving tangible results in various spheres of the life of the country.

The policy of national reconciliation requires thorough theoretical and tactical and strategic study. An in-depth investigation of its diverse forms and methods and its ambiguous experience and a search for forms of the nonviolent interaction of heterogeneous class and political forces in the interests of social progress is essential.

### The World Revolutionary Process

The particular features of the social development of mankind in the final quarter of the 20th century have confronted the world revolutionary process with unusual conditions. The turbulent 1970's gave rise to many hopes for a powerful upsurge of the revolutionary wave. In the 1980's the revolutionary process has manifestly slowed and in some components gone into decline. Is the traditional rhythm of the revolutionary wave (upturn-fall-upturn) manifested here or is the crisis of modern civilization making for the objective need for fundamental social changes without social revolutions? If progress is possible within the framework of the existing social formations, the revolutionary process is, perhaps, a disappearing form of progressive movement.

Essential features of the current stage of world progress, I.M. Krivoguz declared, can in no way be encompassed by the popular formula of "world revolutionary process". It is insufficient even for the dominant of contemporary social changes—the irreversible process of replacement of the capitalist by the communist formation. The new version of the CPSU Program gives as the basic direction of contemporary world progress the world-historical process of social liberation. The term "world revolutionary process" is employed there not for a general description of world progress but for definition of certain components of the revolutionary movement.

A different viewpoint was expressed by A.A. Valuyskiy: the world revolutionary process constitutes the arterial line and main content of social progress, that is, society's movement in line of ascent and the transition of the peoples from capitalism to socialism and communism. But social progress is not reduced to this. It expresses in synthesized evolutionary-revolutionary form the most varied aspects of peoples' activity. G.B. Khan pointed to the close interweaving of social revolution and social evolution as two forms of social progress.

I believe that an unbiased Marxist view of the world revolutionary process is essential, as is a new vision of the social revolution of the present day. The "world

revolutionary process" concept encompasses social transformations going far beyond the framework of socialist revolution. It is being revealed today that nor does the "world revolutionary process" concept reflect the entire complexity of the revolutionary renewal of reality which is taking place.

As Yu.A. Krasin rightly observed, the transition to socialism means a historical era encompassing many decades, throughout which transformations which are diverse in nature are effected. It means not simply the pulling of countries from one social system to another but an interconnected process in which various trends interweave: the surmounting of capitalism on the technological and economic base which it creates, profound revolutionary restructuring of socialism itself in accordance with the requirement of the present stage of the S&T revolution, interaction of the two social systems in the solution of global problems of the present day, their rivalry into the distant future and joint struggle of all revolutionary and democratic forces for a restructuring of world-economic relations for the establishment of a new world economic order and the elimination of neo-colonial dependence.

Concerning the fate of capitalism and the problem of transition to socialism, Yu.A. Krasin observed that capitalism has today reached a new turn of the historical spiral, which creates a need for different forms of socialism than those which emerged at the preceding stages. The working class and the progressive social forces of developed capitalist countries have been directed toward a type of socialism which does not as yet exist in reality.

B.G. Kapustin expressed the supposition that social progress would in the foreseeable future be realized not as a result of a wave of worldwide revolution but by means of a change in the global conditions of the functioning of the world capitalist system and its evolution as a whole, which is necessarily combined with internal processes of the self-denial of capitalism. The "profoundest social revolution" of the present day about which M.S. Gorbachev spoke (see "Meeting of Representatives of Parties and Movements in the Country To Celebrate the 70th Great October Anniversary," Moscow, 1988) is precisely the revolutionary transition from the old, industrial to the new civilization. The tasks, forms, stages and structure of the subject of a revolutionary process of this type differ appreciably from what is observed at the time of the transition from one formation to another.

Perestroika and the renewal of socialism were described at the symposium as an essential part of the social revolution of the present day. Socialism's arrival at a new qualitative stage characterized by effective democracy, technological and social dynamism and real humanism is essential. Yu.V. Yegorov formulated this idea acutely: "If perestroika and reform in our country

and in other socialist countries fail, socialism as a reality and the best alternative of mankind's development could disappear from the historical arena."

Some participants in the symposium spoke of the need for a comprehensive critical analysis of the realities of socialism, its condition and the contradictions of the path thus far and pointed to the need for a reconsideration of many of the clichéd ideas and concepts which have taken shape.

### **The Subject of Social Progress and Social Transformations**

The new nature of global problems, the pivotal nature of the modern era and the extraordinary changes in social and class structures are posing in a special way the question of the subjective factors capable of ensuring social progress. The concept of the subject of progressive changes is historical. The social structure and character of the decisive force of history—the people's masses—are changing. The social problems which have to be tackled are changing also. And this is appreciably influencing the alignment of class and political forces and the characterization of the subjective factor. Finally, relations between various classes, strata, parties, social movements and so forth are mobile also.

The general methodological basis of the discussion concerning the subject of social progress was, perhaps, first, the understanding that each group of contradictions in the modern world requires for its solution a subject adequate to it and, second, the nature of the global problems of the present day (primarily the problem of survival) is in need of an aggregate subject and an amalgamation of socially heterogeneous forces which could extricate modern civilization from the crisis on the path of humanitarian development toward a nuclear-free and nonviolent world.

Yu.V. Sokolov dwelt in detail on the role of and changes in the new social movements (NSM). Granted all their heterogeneity, they have become a real political force and are exerting an appreciable influence on other movements and parties. New parties have appeared in a number of countries which are attempting to combine traditional ideas with the problems of the NSM (reduction in the social functions of the state, combination of the economy and the ecology, search alternative forms of living and so forth). The majority of NSM belongs to the left political spectrum. It may be maintained that the NSM are a kind of "third voice" in the anti-bourgeois, socialist movement. They are attempting, and not unsuccessfully, what is more, to put forward an alternative to the social democrats and communists and laying claim to the shaping of an independent philosophical culture.

I.M. Klyamkin developed the idea of different versions of the accomplishment of its historical mission by the industrial proletariat. The first version was classically embodied in Russia and, subsequently, in a number of

other countries of the "second echelon" of capitalist evolution. These countries were characterized by vestiges of pre-bourgeois forms of agriculture in the period of transition to industrial civilization. The working class was in this case the subject of the transition to an industrial society which was not post-capitalist but an alternative mode in relation to capitalism of the development of relatively backward countries. In this case the industrial working class was the subject of the model of socialism which is now called administrative-command and which had exhausted itself historically by the time of the start of the S&T revolution and the transition to an intensive type of management.

The activity of the industrial proletariat in the countries of the "first echelon" of the development of capitalism, in West Europe primarily, developed differently. The objective content of this version, accomplished usually to slogans of "democratic socialism," was that the proletariat and its organizations (social democratic primarily) were the subject of capitalist progress and the reform of bourgeois society given preservation of the capitalist mode of production and the political forms conforming to it. Both versions are things of the past. A new subject of social transformations is taking shape. True, I.M. Klyamkin had difficulty describing it since its contours are very indistinct and undefined, and the forms of its historical self-assertion and creativity are barely discernible. But investigative thought should be geared to it.

Yu.A. Krasin observed that the working class would be able to perform its progressive role only were it able to extend the horizons of its class interests to a recognition of the priority nature of interests common to all mankind and the interests of preservation of the human race and the prerequisites for its progress.

It seems to us that the whole question is, first, does the working class have sufficient intellectual, political, moral and organizing forces to rise to a practical understanding of the priorities common to all mankind without becoming detached from class interests? And, second, will it be able together with the world's progressive forces, as M.S. Gorbachev said, "to limit the range of the destructive effect of the egocentric, narrow class normalities of the capitalist system?" (M.S. Gorbachev, "October and Perestroika: the Revolution Continues," p 47).

This will depend to no small, perhaps, to an ever increasing extent on the tactical and strategic line, policy and ideological principles of the communist and workers parties.

The difficult process of a restructuring of the international communist movement and its components is taking place gradually at the current stage. The restructuring of the activity of the CPSU is an essential part of this international process. The ambivalence of the evaluation of CPSU policy by overseas communist parties also testifies to how complex it is. On the one hand, as

the symposium observed, it is seen as the practicability of the renewal of socialism, and there is active support for the CPSU's new positions on global and international problems, primarily the constructive orientation toward the building of a nonviolent and nuclear-free world. But, on the other, concern is being expressed whether the CPSU is not retreating from class, revolutionary positions and whether the new thinking will not lead away from the communist movement.

L.N. Puchkova observed that in many countries the influence of communist parties is declining and disagreements fraught with the danger of division are being observed. This is a consequence of a number of factors. One such is the absence for a long period of time of specific results of the struggle. It is also a consequence of the fact that the communist parties at times set unrealistic tasks. Emboldening oneself with calls for a struggle for power and for socialism will produce nothing if the conditions for their realization are lacking. The need for the formulation of new political thinking has even caused consternation in the ranks of some communist parties.

Developing this theme, Yu.V. Yegorov said that a cause of the weakening of the West's communist parties is the postponement of the revolutionary prospect and degradation of the very idea of revolution in the mass mind. But the causes lie not only here but also in the communist movement in the West itself, which is frequently slow to comprehend the new problems and advance an effective tactical and strategic concept. Thus the popular self-management slogan appeared in PCF documents after this problem had been comprehensively studied by the PSF and the French Democratic Confederation of Labor. A frequent substitute for the absence of a creative analysis of the new phenomena in modern Western society is general talk about the crisis of the capitalist system itself. The communist movement cannot hope for success by operating in isolation. The communist parties may enhance their authority not by way of confrontation with other forces of the left but only by positive work within the framework of a broad alliance and by way of honest competition for the working people's sympathies.

As far as Latin America is concerned, A.A. Chelyadinskiy declared, the communists built their strategy on the theoretical premises of the domination of the struggle against imperialism and for a strengthening of national and economic sovereignty. But these slogans were made for effect and were unconnected with global and regional problems. Account was not taken of the distinctiveness of various social strata, the professional classes particularly, and the problem of an alliance of democratic forces was underestimated or their formulas were insufficiently effective. The supporters of a conservative line are not as yet yielding their positions. Nonetheless, an understanding of the fact that the broad unity of all democratic forces is essential in the struggle for social progress is blazing a trail for itself increasingly persistently in the Latin American communist movement.

### New Thinking and the Theory of Social Development

The realities of the end of the 20th century require a new qualitative leap forward in the development of scientific, Marxist-Leninist theory of social development, the abandonment of a number of customary ideas and a new vision of the world and its relationships, contradictions and prospects. There was a candid discussion at the symposium of the blunders and stagnation of social science thought and the problems and paths of its creative renewal.

The new political thinking, I.K. Pantin said, having made paramount the problem of the survival of mankind, is evidently leading to a change in certain important premises of social theory. In what direction the changes will be accomplished it is as yet difficult to say. One thing is clear: the scale of the changes being accomplished in the world is such that it is posing the question of a renewal of the social vision and the ideas concerning the genesis of the future.

In B.G. Kapustin's opinion, Marxist-Leninist theory will reach the level of problems of the present day only on the basis of the new political thinking. But this does not mean that the new political thinking is altogether "contemporary Marxism". It is coming to replace not some theory, school or ideological current but the "paradigm" and style of thinking of industrial civilization in all their ideological manifestations. It must be realized in ideological pluralism, that is, acquire an interpretation, varying in a class respect, in bourgeois-liberal, Marxist, "green-alternative" and other types of world outlook.

I.M. Krivoguz called attention to the belatedness of Marxist-Leninist theory in an analysis of the new trends of world progress. This was connected with the retreat from the creative nature of Marxism-Leninism. It was expressed in an endeavor to impart to theory a consummate form and reduce self-development to a scholastic extraction of what is new from a reshuffling of what was already known. R.N. Blyum pointed in this connection to the chronic underestimation of the national factor in social development and the transfer of national problems far into the background compared with class antagonisms. Yet the exacerbation of national contradictions is characteristic of practically the whole of today's world.

Summing up the symposium, Yu.A. Krasin emphasized: seriously confronting us is the task of a purge of Marxism of the sectarian and dogmatic extraneous features which have accumulated in quite a quantity. For this it is essential to earnestly undertake an objective analysis of the historical stages of the development of Marxism since Lenin. The question has arisen here: what is changing in Marxism, what remains invariable? It is impossible, I believe, to mechanically divide the Marxist philosophy into two parts: mobile ideas, including those which are withering away, and an invariable nucleus not



subject to the influence of the times. But just as unacceptable also is the absolute relativism denying in Marxism constant values. They exist and reflect the general laws of the development of nature, society and thinking.

It would seem that Marxism is developing in accordance with the laws of dialectics—via qualitative leaps forward enriching all its content: not only the periphery of individual ideas but the foundation of principles itself. Hegel's supercession concept is very suitable for a characterization of this dialectical development of Marxism. At turning points of the development of Marxist theory its entire content is pulled into the stream of renewal, in which its revolutionary essence appears in a new, sometimes unrecognizable light; and as a result all theory ascends to a qualitatively higher level.

The symposium, which was held in an atmosphere of free scholarly discussion and comparison of various approaches and viewpoints, reflected the increased intensity of theoretical reflection on the complex processes in the modern interrelated, contradictory and largely integral world.

**Footnote**

\* The theses for discussion were published in the journal *KOMMUNIST* (No 7, 1988, pp 79-90).

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**Belorussia Joins 1963 Vienna Convention on Consular Relations**

18070222 Minsk SOVETSKAYA BELORUSSIYA  
in Russian 3 Mar 89 p 3

[BSSR Ministry of Foreign Affairs Official M. M. Khvostov comments on BSSR Supreme Soviet Presidium Ukaz on regarding the BSSR's joining the 1963 Vienna Convention on Consular Relations]

**[Text] UKAZ OF THE BSSR SUPREME SOVIET PRESIDUM**

**On the Belorussian SSR Joining the 1963 Vienna Convention on Consular Relations**

The Belorussian SSR Supreme Soviet Presidium hereby resolves:

To join in the name of the Belorussian Soviet Socialist Republic with the 24 April 1963 Vienna Convention on Consular Relations.

**BSSR Supreme Soviet Presidium Chairman G. TARAZEVICH**

**BSSR Supreme Soviet Presidium Secretary L. SYROY-EGINA**

27 February 1989. Minsk.

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**Our BELTA correspondent asked BSSR Ministry of Foreign Affairs Official M. M. KHVOSTOV to comment on this Ukaz:**

"The Belorussian SSR, along with 92 other states, is a participant in the UN Conference on Consular Relations held in Vienna in March-April of 1963. As a result of almost 2 months of work, the convention was adopted on 24 April 1963, and touched upon practically all questions of consular relations between states," he said.

Specifically, it systematized the standards of international consular law, generalized existing consular practice, secured the principles of sovereign equality of states in establishing consular relations and the need for preliminary approval by the accepting state of the appointed head of the consular institution. It also noted the interrelation in establishing diplomatic and consular relations and the independence of consular relations in breaking diplomatic relations, and substantiated the possibility of performing consular functions by diplomatic representatives. The convention secured the important legal standard according to which its positions are not reflected in other international agreements in effect between the states participating in them. Not a single principle of the Vienna convention hinders the states from concluding

international agreements which confirm, augment, extend or expand its principles. In other words, a state, when entering into bilateral international agreements, may create specific conditions for its consular institutions which differ from the conditions of consular institutions according to the convention.

The convention participants comprised 125 states. In accordance with Article 77 of the Convention, it became effective for the Belorussian SSR on the 30th day after the BSSR submitted its membership charter. The expediency of such a decision is dictated by the expansion of foreign and primarily trade-economic ties, by the growth in the number of foreign citizens coming to us in connection with business, scientific, cultural and private matters, and by the increase in visits of Belorussian SSR citizens abroad and the consequent need for protecting the rights and interests of the republic, its citizens and organizations.

**VOA Broadcast Yields Query on Ruble Convertibility**

18070210 Moscow ARGUMENTY I FAKTY in Russian  
No 14, 8-14 Apr 89 p 8

[Article discussing A. Aganbegyan's plan for ruble convertibility]

[Text] I heard over "Voice of America" of the possibility of introducing the convertible Soviet ruble in our country. Reference was made to A. Aganbegyan. What plans are these? ...N. Rakov, Yalta

Actually, this theme was touched upon on 3 March at the press conference held at the USSR Ministry of Foreign Affairs press center.

Academician A. Aganbegyan reported that two variants are being discussed in the USSR. The first is associated with strengthening the buying capacity and the international role of the ruble. First of all, we must give the ruble real buying power within the country. For this it is necessary to have a balanced market not only of consumer goods, but also of means of production. It is also important to create a market of capital, including valuable papers, a domestic currency market, and to solve a number of other problems. According to the evaluation of specialists, such a course will require 7-10 years.

Recently, a second variant has been proposed. Its essence consists of creating a second currency, a special Soviet ruble for foreign economic accounting, which would be backed by export goods, gold and currency reserves. This ruble, according to agreement with the financial organizations of the West, and primarily the leading banks, would be issued in the necessary volumes for serving the Soviet foreign economic exchange. This problem is often tied with the introduction of special economic zones of free enterprise.

**Economist on Ways to Improve CEMA States' Economic Cooperation**

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Second Edition p 2*

[Article by A. Sharyy: "Over the Threshold; An Economist's View of the Development of New Forms of Cooperation"]

[Text] "Economic transformations cannot be realized overnight, like a palace overthrow". That is how Professor Ninel Vladimirovna BAUTINA, doctor of economic sciences, began her discussion. She heads the Problems of the Mechanism of Economic Cooperation Department of the CEMA World Socialist System International Institute of Economic Problems. Today N. V. Bautina shares her thoughts on the means of increasing the effectiveness of economic interaction of the CEMA member states.

**The First Monolog, on the Mass Rush Toward Independence**

Today, in speaking of questions of economics, we are not embarrassed by the loud terminology: deficit, disproportions, imbalance, and inflation. Obviously, the definition of the phenomena and the formulation of a "scientific diagnosis" must be followed by constructive proposals and a collective search for means of improving the situation. This is true also of those negative tendencies which are becoming apparent in the sphere of economic cooperation of the CEMA states: The declining interest of the partners, lagging behind progressive world processes in the sphere of science, technology and production, and the reduction in the rate of growth of mutual trade. I am opposed to depicting the history of our interaction as a continuous chain of miscalculations and failures. Thanks to their cooperation, the CEMA states have achieved much in 40 years. Yet this is specifically why we need a serious critical analysis of the external problems and a definition of the vector of further development.

There can be no doubt that in order to organize normal cooperation between enterprises, the partners must have a necessary minimum amount information about each other: What their technical capacities are, their structure of production capacities, and their financial and cadre provision. Nevertheless, economic practice at times was formulated differently. Enterprises were "assigned" a partner from a fraternal country, the appropriate inter-governmental agreement was concluded, and only then did they begin to look into the economic essence of the question: Who represents what, who produces what, and is cooperation really expedient? At the present time, over 1,600 Soviet enterprises are engaged in direct ties with CEMA member states, and 92 joint enterprises have been registered. Of course, the mass process is just beginning, but already now it is obvious that these figures conceal not only pluses, but also minuses.

It was assumed, for example, that the expansion of direct cooperation would give an impetus to the development of cooperation in machine building. In fact, within the framework of many contract agreements the partners limited themselves merely to exchange of experience, and only about 15 percent of all the signed documents on direct ties provide for the exchange of complement products. The absolute volume of mutual deliveries of these products comprises an insignificant portion of the overall trade of the CEMA member states. According to rough estimates, the effect of direct ties on the development of trade between the USSR and the CSSR in 1988-1990 will be rather modest—from 0.3 to 0.5 percent of the overall cost volume, while for USSR trade with the PRB in 1988 this indicator comprised 0.4 percent.

It is not even a question of a certain pair of cooperating enterprises "falling apart". Such outlays are natural. We can also somehow justify the directive definition of the partners—after all, we must begin somewhere. It is something else that worries us. The idea of new forms of cooperation is being discredited due to the absence of appropriate economic planning.

We must say that even the most "successful" partners encounter serious problems. Within the framework of the international association "Beroye"—"Krasnyy proletariy" there is in essence a foreign market exchange of finished products. On the purchase of control devices alone "Krasnyy proletariy" lost several million rubles in 1987, and on the import of robotic devices—2,000 rubles apiece. The export of robotic devices is also not profitable for "Beroye". This leads to the desire to reduce losses. In 1989 "Krasnyy proletariy" is reducing its preliminary orders on imports to 1/6 of their previous level.

One of the reasons for the difficulties in organizing new forms of cooperation is an unclear understanding of the essence of the economic independence of enterprises. Independence is always within a certain "corridor", whose "ceiling" and "wall" parameters are established by the state. In no single country do the enterprises determine the taxes, set the currency exchange rate at their own discretion, or establish the interest rate. The enterprises have been faced with new tasks, but they are forced to operate under the old economic conditions, adapting their cost accounting interest to the existing economic environment and to the conditions of the economic management mechanism of the partner country. We have begun a mass rush toward the development of new forms of cooperation without properly laying the groundwork for this. We are speaking of formulating a new economic environment, with realistic exchange rates of the national currencies, comparable national systems of prices and taxes, and with access to national wholesale trade. In other words, we are speaking of creating appropriate market conditions.

**THE OBJECTIONS OF AN OPTIMIST.** Be it as it may, the process of developing direct ties and forming joint enterprises is taking place very rapidly, and despite a

number of difficulties, it has on the whole brought positive results. And the new economic environment, the market, about which you speak, are created in the process of strengthening the integrated ties.

If we speak of creating conditions for the unhindered movement of goods, services, work force, and other production factors between the CEMA states, we must first of all resolve the question of real money. Unfortunately, in the cooperating socialist countries there is no money at the present time, but only banknotes. And, as for the transfer ruble, it differs from the banknote as a unit of accounting in that it is not printed on paper. In recent years, efforts have been made to change this situation. Before, at the state level, mutual accounting could be "equalized", compensated by delivery of other products, and the balance "regulated". By handing the problem of commodity exchange over to the level of the enterprises, we have only worsened their already difficult position.

Since for many years the economy was "closed" at the center, the country has not accumulated any experience in work between national enterprises. Today, with the organization of international cooperation, this fact is "surfacing".

If production ties in the country are primarily "vertical", if an enterprise receives subsidies and management directives from the center, then it does not experience the need for developing a "horizontal" interaction. Today the top of the management pyramid has been truncated, but there are not enough horizontal "bridges".

#### The Second Monolog, on the Struggle Against Time

New forms of economic cooperation—direct ties, international organizations, and joint enterprises—differ in principle from each other in their content. In economics in general, and in economic cooperation in particular, we cannot skip over any steps. Gradualness and continuity are the necessary conditions for development of integration. Therefore, the initial steps are the direct ties between enterprises which, exposing the pluses and minuses of the partners, make it possible to subsequently make an economically justified choice. This in essence comprises only the first steps toward true scientific-production integration. Under favorable economic conditions, these direct ties may lead to the growth of international organizations and joint enterprises.

Yet even joint enterprises, which presuppose joint ownership of the means of production and unified economic management, have their own natural phases of development. To start with, in order to train the entrepreneurs and to economically strengthen the experiment, I would propose making broader use of the stockholding form. Such an enterprise provides a good basis for the future organization of large, strong international associations, a sort of transnational enterprise which would be competitive on the world market.

**OBJECTIONS OF AN IMPATIENT PERSON.** You propose a gradual process which requires much time. In the ideal, evidently, it is specifically such a means of development of cooperation which is natural. Yet reality dictates different laws, and the enterprises are interested in obtaining economic effect and currency—and ultimately right now, not in 10 years.

Considering the time factor, we must avoid the desire to beat the clock, skipping over the natural phases of development. Our experience shows that the economy may be "run down" by inadequate forms and methods of economic management. By introducing new forms of cooperation through energetic measures, we are trying to "beat" time, and wherever it is necessary to create economic conditions and to utilize commodity- monetary instruments—we are lagging behind. Economics is not a field for playing such "catch-up games".

#### The Third Monolog, on the Achievements and Shortcomings

It is no wonder they say that our shortcomings are a continuation of our achievements. The advantage of the cooperation between the Soviet Union and its partners is that the economic home fronts are reliably guaranteed—for now there is quite enough raw materials and fuel. Yet setting quotas for deliveries of these resources within the framework of coordination of the national economic plans gives rise to a mutual dependency approach: The USSR is provided with imports of industrial goods from the CEMA states, perhaps not of the highest quality, but nevertheless enough to satisfy the demands of the under-supplied market. At the same time, the partners are provided with raw materials and fuel, which allows them not to have to worry too much about changing over to resource-saving technologies and implementing structural change in industry. So it turns out that our advantage—plan guarantee—leads to ineffectiveness in the structure of the economy and foreign trade. We know, after all, that machines and equipment comprise about 11 percent of our exports.

Perhaps the main thing that is necessary today is to place cooperation at the center of the national economic process. One of the measures facilitating a radical change in the situation, in my opinion, is the state order. This form of communication between the center and the enterprises is currently operating in a distorted manner, often bears an administrative character, and differs little from the directive. But what if we base the state order on competitive conditions with the participation of the CEMA partners and perhaps even the Western countries? As in any competition, the parameters must be pre-defined: The ability of the product to compete on the market, its quality and quantity, prices, conditions of financing and production. Let the one who submits the best project win the competition. Of course, this relates

primarily to those sectors of industry which are associated with the realization of achievements in scientific-technical progress.

In this case, the foreign enterprises who win the competition would be interested in cooperative, direct ties with the corresponding Soviet enterprises. This, in my opinion, would permit natural—from below, and not from above, on conditions of economic cost accounting—formulation of international scientific-production organizations and joint enterprises. Obviously, two conditions are necessary in order to realize such an approach to cooperation: Access to national wholesale trade and convertible currency.

**OBJECTIONS OF A SKEPTIC.** In your interpretation, will the state order not become a new manifestation of the administrative approach? After all, independence presupposes freedom of choosing the forms of cooperation and a justified risk.

The competitive basis of placing state orders with the participation of foreign partners somewhat “undermines” the monopoly of the state. It will allow us to realize strategic planning and make the administrative-distributive method of management impossible.

Under the new conditions, CEMA could assume different functions. It could act as the coordinator of international entrepreneur activity. I foresee the image of CEMA in entrepreneur councils and associations of producers and consumers which have financial and material means at their disposal and operate on stock-holding principles.

These, of course, are only some of the measures which would help to make cooperation with the socialist CEMA states truly mutually beneficial and would bring their economies to the world level.

**Causes, Solutions for Third World Hunger Examined**

18070152a Moscow *RABOCHIY KLASS I SOVREMENNYIY MIR* in Russian  
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[Article by Natalya Mikhaylovna Bragina, candidate of economic sciences, senior scientific associate of the USSR Academy of Sciences World Economics and International Relations Institute: "Approach to the Problem of Hunger: From the Sahel to Kanagawa"]

[Text] At the end of the 20th century, when the S&T revolution is demonstrating practically unlimited possibilities of the mind, millions of people are condemned to a starvation existence and extinction. For whole regions the way out of this situation at the present time seems a long and difficult business requiring the active assistance of the economically more successful countries. It is hard to combine in the imagination existence on the verge of a hungry death of vast masses of the population in some parts of the world and the impossibility of consuming the food that has been produced in others. The paradox is that both these phenomena are the fruit of industrial progress.

The concept of modern agriculture as a sphere of intensive agricultural technology based on the concentrated use of industrial and chemical agents has taken shape on the basis of the experience of the industrially developed capitalist countries. It is sufficient to say that more than half the grain product of the nonsocialist world is cultivated in its industrial areas.

North America, West Europe and Oceania, where less than one-fourth of the population of the developed capitalist and developing countries lives and whose agriculture employs approximately 7 percent of their inhabitants, are not only entirely self-sufficient in food but also satisfy the bulk of world grain demand. The most serious problem of agricultural production in these regions by the mid-1980's was that of selling. It would be perfectly sufficient to satisfy their home market demand by producing half as much—the bulk of grain is cultivated exclusively with the hope of sale on foreign markets.

The trend toward an increase in the role of imported food in the economic policy of an overwhelming number of developing countries, which was current until the mid-1980's, reflected the shift of the center of gravity toward urban forms of management representing the most convenient and rapid way of mastering the achievements of the industrially developed world and toward export types of agricultural production. As a result the local, nonmarket production of traditional foodstuffs fell into neglect, and the part of the population which had earlier been self-sufficient to some extent at the subsistence level began to rapidly multiply the army of urban consumers. The deterioration in the financial position of the majority of these countries is compelling the search for a solution of the question of national food

provision in a resurrection of forms of the development of local agriculture. At the present time the solution of economic, social and ecological problems depends for this part of the world on the attitude toward domestic food production.

In the decade 1974-1984 the developing countries almost doubled grain purchases on the world market. Nonetheless, even considering the growth in this period of their gross grain production of 30 percent, this did not lead for the developing world as a whole to an appreciable improvement in the population's diet. The polarization of the productive potential of agriculture and the purchasing power of the population of the developed and developing countries which had occurred had in the mid-1980's acquired, as it were, features of maturity, stability and inevitability. Just as 10 years ago, an inhabitant of a developing country consumes 1.5 times fewer calories, almost two times as little protein and three times as little fat. The reality of this statistical gulf is expressed in the semi-starvation existence on the verge of death of, according to various estimates, 400 to 800 million persons. Virtually one-third of the population of the developing world is barely maintaining the level of biological existence.

The distance between these poles of development is determined not only by the time when a country embarked on the path of an industrial civilization and the extent of involvement therein but also by ecological conditions of existence. The ecological interdependence of all parts of the world requires a responsible attitude toward local management conditions. The consequences of the deterioration in the macro-environment, which is perceived in practically all countries, may be neutralized to a certain extent by positive economic policy at the local level. The balance between man and his environment, which has been upset in the course of industrial development, is revealed primarily and most strongly in the ecologically marginal parts of the world. Such a weak link in the ecological chain is at the present time Africa. Naturally, the continent is great and ecologically and economically diverse, uniting on its territory states with all the types of economy which exist in the modern world—from the highly developed capitalist type in South Africa to the most backward in the area of the Equator, particularly in the Sahel zone, which is, in fact, the epicenter of starvation and desertification constantly extending the boundaries of its influence.

Of all the distressed regions of the modern developing world, the Sahel zone stands out by its rapid degradation and obvious connection with man's activity. Prior to the start of the 1960's a more or less regular alternation of drought and rains was observed in the Sahel—a semi-desert zone; but since that time precipitation has become rarer and less regular. In the 1970's its annual level fell in West Africa to 130-200 mm a year (compared with 500-800 mm in the 1950's), which was accompanied by the erosion and destruction of the plant cover. As of the start of the 1980's desert encroachment began to move



rapidly southward, threatening 200 million inhabitants of 15 African countries. A particularly difficult situation has taken shape in Mauritania, Senegal, Chad, Burkina Faso, Mali and Niger.

Western countries began to talk about mass starvation in Africa for the first time in the period of the 1972-1973 food crisis; in the years which followed the economic and ecological situation in the majority of the suffering countries deteriorated, but public reaction was muted, and for quite a long time the problem seemed close to solution via gratis food aid and imports. But the start of the 1980's was marked once again by mass starvation in a number of African countries, with the most serious situation being in the Sahel, which showed with undoubted clarity the connection of the economy, ecology and demography. The latter factor, demographic, that is, may be considered autonomous only given a superficial analysis. In fact it constitutes an aspect of the development problem. The weakness of certain development concepts of economically backward countries is, in our view, at the basis of the economic failures along with short-sighted ecological policy.

*The place of agriculture and the role of the countryside in the modern economy—this is evidently the starting point upon formulation of a development strategy for backward countries.* It is this starting point which demands comparison with an operating positive model. One of the most efficient from this viewpoint is the Japanese model—both in respect of provision of the country with food and of the type of economic behavior which has been created guaranteeing sparing conditions of exploitation of the land. Two basic conditions common to Japan and the Sahel make a comparison thereof relatively convincing. The first is the marginal character of natural conditions in both regions; the second is the predominance of traditional forms of land utilization in both cases.

The very location of the Japanese islands between two oceans and stretching north to south determined their climatic complexity and instability. The limited nature of land fit for agricultural needs combined with the heterogeneousness of the topography and the high concentration of the population in the historically evolved centers of activity made for the peasant's solicitous attitude toward the land, a basic principle of which is man's adaptation to the given conditions. The Japanese farmer is true to this principle to this day. It was these objective conditions which shaped the small-scale type of Japanese land utilization which is at the basis of its modern agriculture.

The ecological balance in African desert and semi-desert areas was maintained for many centuries by the observance of a certain economic cycle. Fallow farming and transhumance stockbreeding—forms of land utilization which existed traditionally here—corresponded best of all to the vital rhythm of the local population and the rate of restoration of the fertile land layer. Up to the mid-1970's

even this subsistence or semi-subsistence life constituted the basis of the economic activity of the bulk of the population in the Sahel area. The introduction of individual elements of Western industrial civilization in the ecologically unstable environment not only upset the balance of man's natural and economic relations in this region but led to a departure from subsistence farming without its replacement by other forms of food production.

Obviously, the specific forms of traditional land utilization in African desert areas and on the Japanese islands are fundamentally different. In the first case the passive movement of people, who could hardly be categorized as agricultural producers, over vast areas at the pace of the natural restoration of the land's productive power. In the second, the active increase in the fertility of the same areas of land by many generations of Japanese peasants representing at the present time highly skilled specialists. The kinship of these at first sight noncomparable types of land utilization is the fact that in each specific case they had created sufficiently flexible forms of the interaction of man and the environment. In both cases they are inefficient from the viewpoint of economic expediency, but under marginal ecological conditions their preservation would seem necessary for maintaining normal activity. Both the Sahel and Japan provide convincing material for such a conclusion. By virtue of this fact, we should be thinking not simply of a search for more modern forms of land utilization but of the maximum use of the potential of the traditional forms and such modernization as contributes to their increased productivity.

#### How To Save the Hungry?

Of all the developing regions, there is the least hope at the present time, it would seem, of emergence from the food crisis for the African continent. In the majority of developing countries production lags behind national food requirements to this extent or the other, but in two regions—Africa and the Near East—there has been a reduction in output not only per capita but in gross terms also. In Africa the per capita grain production index in 1985 (on a base of 1974-1976 equaling 100) rose, following the decline in 1983 and 1984 to 76 percent, to the level of 89 percent; given that the grain sowing and harvests the same year had been somewhat greater than in preceding years, but lower than 10 years previously. Average data on grain production in Africa appear as follows: in 1974-1976 sowings of 69.7 million hectares, gross harvests of 70 million tons, yield of 10 quintals per hectare; in 1985-1986 the corresponding figures were 60.9 million hectares, 60.4 million tons and 10 quintals per hectare (1, 1987).

The majority of Near East countries, which obtained large revenue from oil exports, consciously replaced national production with food imports. By following the same path, however, African countries have ended up in a worse situation inasmuch as revenue from exports of

national production did not, as a rule, keep pace with the growth of the world grain price and in the 1970's made imports increasingly less accessible to them.

The recurrent droughts, which were particularly devastating in 1972-1974 and 1983-1984, are put forward, as a rule, as the overall cause of the African crisis. However, comparatively recently—up to the start of the 1960's—the African continent as a whole was providing the population with local foodstuffs, and the majority of countries was in the position of net exporter of agricultural products. But as of the start of the 1970's the word "Africa" became synonymous with drought and mass starvation. Throughout the last decade the centers of crisis shifted from north to south on the continent, but the Sahel area invariably remained its epicenter.

The territory of the African continent is distinguished by complex soil conditions (in the north, the Sahara desert, in the south, the Kalahari, and in the center, vast verdant tracts of tropical jungle) permitting utilization for farming of only 19 percent of the land. Of the 51 African countries, natural conditions are so complex in 21 that they reduce to nothing all efforts to develop local food production.

Man's existence in a large part of Africa depended entirely on the preservation of an extremely fragile balance between his economic activity and his environment. Traditional mattock farming and transhumance stockbreeding, when the pasturing of the livestock was determined by the cycle of natural restoration of the plant cover, provided for a sufficient energy reserve for the activity of the majority of the African population. The Sahel is the most vulnerable zone of man's permissible impact on nature. The exceptional sensitivity of the natural conditions to the slightest disturbances of the "man-environment" balance created over centuries is connected with the remoteness of the bulk of the countries situated in this zone from the coast and with the arid (droughty) or semi-arid nature of bioclimatic conditions. The barometer played a part in the contact between Africa's traditional agriculture and the industrial civilization of the Sahel. The active struggle against infant mortality with the aid of mass vaccination not accompanied by a corresponding regulation of the birth-rate undoubtedly delivered a most telling blow against traditional agriculture owing to the absence not only of an economic base to support the life of a rapidly growing population but primarily owing to the unpreparedness of the environment for its painless acceptance (lack of water, population congestion given the fragility of the soil cover and scarcity of energy resources). The forms in which the penetration of the methods of production which had developed in other bioclimatic conditions occurred reflected the short-sightedness of the official policy of a number of African countries combined with the ill-considered "aid" of Western countries and the specific activity of the TNC on the African continent. It is in the *thoughtless transference* of individual components of the technical achievements of the West to

traditional land utilization that the roots not only of hunger in the Sahel area but of the whole African crisis should be sought primarily. Even at the end of the 1970's, when the annually recurrent droughts of the Sahel had made their nonaccidental occurrence obvious and when the Sahel tragedy had eclipsed all preceding ones (including the Indian tragedies of the 1940's and 1960's), many important countries of the continent were continuing to support programs of the accelerated industrialization of agricultural production which were disastrous for the majority of them. However, a new devastating wave of droughts in the 1980's, which attained their greatest strength in 1984 and engulfed Africa's East Coast from Ethiopia to the South African border, had a sobering effect.

The first direct result of the industrialization of African agriculture was the increase over and above permissible natural conditions of man's pressure on the land and the physical destruction of the delicate surface soil layer, which had been built up over centuries and which had been the source of nourishment of people and animals. Merely the transition in the Sahel zone from the mattock to the plow, whereby the nature and depth of tillage changed completely, overtaxed the fragile layer keeping the sea of sand from movement. The creation of artificial wells in the desert ("pump revolution") led to the abandonment of the traditional paths of the driving of the livestock and the settling of thousands of people and animals at the new sources, which immediately set the sand in motion over vast areas. The cultivation for export of cotton and peanuts, which had begun back in the colonial era, was accompanied by the spread of new agricultural implements and equipment, which also (if not supported by the introduction of the appropriate agricultural technology) entailed soil depletion. The need for export income forced a reduction in the timescale of fallow and the plowing up of pasture, which under the conditions of traditional land utilization inevitably led to the impoverishment and erosion of the land. These negative results of people's purely agricultural activity were superimposed on the devastating consequences, common to the entire continent, of the use of powerful (and not only agricultural) equipment and progressive deforestation. Under the conditions of the Sahel, where wood fuel is the main, if not the sole, source of energy, the development of cities was and continues to be accompanied by a continuous expansion of deforested areas.

The progressive erosion of the soil threatening to become an irreversible process of the continent's desertification began as a result of the effect of man-made and elemental factors of destruction of the environment in the Sahel.

The countries of the Sahel have proven to be the most vulnerable place in Africa, unable to sustain even the first steps of industrialization. But the entire region also is exhibiting signs of the accelerating deterioration of the natural conditions of man's habitat. Not only the organic connection of the center of desert encroachment and the ecologically more stable periphery but also ill-considered



economic policy are having their effect. The majority of African countries with a constant food shortage is characterized by an anti-peasant policy. The high level of taxation and the low purchase and market prices for agricultural products have contributed to a winding down of local production and the maintenance of urban consumer demand.

The experience of agrarian Tanzania, whose agriculture is oriented to a considerable extent toward tropical crop exports, is sufficiently convincing in this respect. Until recently the country was a major coffee exporter. Grain, including rice, enjoying relatively high market demand, was cultivated for domestic consumption. The purchase price for coffee did not constitute even half of the market price, and rice was sold to the state for less than one-third of the price. As a result there was a sharp decline in the production of both crops—no coffee as a source of export proceeds for imports of essential foodstuffs, no rice for the domestic market. And as of the start of the 1980's Tanzania has been among the countries in the grip of a food crisis. A similar policy in Ghana—the former “star of West Africa”—led to it becoming in 1984 one of the countries whose population was threatened by mass death by starvation.

An entirely different situation is observed in Niger—a country situated at the center of the Sahel—in which a very small band of land is suitable for farming and where there are no irrigation installations. As a result of a policy of encouragement of national farming (tax cuts, official investments in the creation of a rural infrastructure, health care, a development service) the country became in 1984 an exporter of grain to neighboring states affected by the drought. Of the available 140,000 tons of the reserve, 40,000 tons of grain were sold to Mali, Upper Volta, Chad and Ghana.

The countries of the Sahel, which were the first to experience mass starvation, are in terms of level of economic development among the most backward. Naturally, they could hardly tackle even the most pressing ecological problems without international aid. The Sahel tragedy unified international efforts for the implementation of various programs for combating desert encroachment, which could benefit the whole continent if the principle of the “close link between the territorial structure and organization of the economy and the degree of ecological stability of the territory” (2) is made the basis of these projects.

The tragic experience of the Sahel countries forced the question of the need for an extremely cautious attitude toward the introduction of intensive industrial techniques and Western-type improvements under the conditions of unstable ecosystems to be posed for the first time. In addition, this very experience is grounds for different conclusions in respect of many economically backward countries: the agricultural systems which exist therein cannot be considered as having conclusively exhausted

their potential, and the arbitrary acceleration of the modernization of agriculture not buttressed by a serious economic base (availability of resources and peasants mentally prepared for new agricultural technology) provides, at best, a short-term increase in production.

The correlation of the treatment of the soil with chemical agents for increasing soil fertility in backward and industrially developed countries is frequently cited as a reason for the food shortage in developing countries.

In the latter half of the 1980's such a comparison is incorrect as a consequence of the appreciable qualitative difference in the chemicals used and the increasing trend in the developed capitalist countries toward the abandonment of their use. Nonetheless, it is necessary inasmuch as it best reflects the futility of the methods of the achievement of the economic results of the industrial civilization of the West under the semi-subsistence conditions of the southern hemisphere employed by the developing countries.

Of course, 10 kg of chemical fertilizer per hectare of plowland on the African continent on average and 95 kg in the United States or 220-230 kg in West Europe (not to mention the 450 kg in Japan) would seem at first sight an exhaustive explanation of all problems. However, as the experience of the Sahel shows, the reason for the African crisis is not so much the insufficient use of modern technical achievements as their ill-considered application under fundamentally different economic conditions.

Abstracting ourselves from all other factors of an increase in the fertility of the land other than chemical fertilizers, it may be seen that the efficiency of their use in Africa's developing countries is many times less than in the industrially developed world. A quantitative increase in their use in the decade 1974/1975-1984/1985 by a factor of more than 1.4 (per unit of plowland) merely held back the rapid decline in the productive power of the land. In the mid-1980's the average cereals yield in Africa fell below the level of the mid-1970's, and the gap in absolute values compared with the industrial world grew from fourfold to sixfold. The average grain yield for Africa's developing countries in 1984/1985 was the equivalent of 897 kg per hectare, but in 1974/1975, 1,005 kg per hectare (1, 1986). The efficiency of the use of fertilizers depends primarily on irrigation, which, in turn, requires quite considerable capital investments virtually inaccessible to the majority of African countries.

The reorientation of many plans of national development from the acceleration of industrialization and urbanization toward a growth of the strategic significance of agriculture, which came to light at the start of the 1980's, testifies to a more sober evaluation of the situation in which a considerable number of African countries had found themselves.

Inasmuch as these countries' financial weakness imposes a limit on commercial food imports and donor aid cannot make good the entire amount of the shortage, the need for a stimulation of all forms of local production became obvious. But this is just one part of the food problem. To the same extent as in production natural disasters of a man-made origin have been reflected negatively in consumption. The 6-8 million hungry who gathered at the sources of water at the time of the droughts in the Sahel or the millions of refugees who surrounded African cities with enormous unsanitary camps obtained free international food aid (wheat, dried milk). This, specifically, engendered a consumer illusion of the superiority of urban existence and free wheat to the cultivation of millet, which produced no income. And the very semi-starved movement of vast masses of people in search of water had rendered them physically virtually incapable of active labor.

The public and state leadership of the majority of African countries is linking a way out of the impasse to an ever increasing extent with the creation of opportunities for the maximum enlistment of the population in agricultural activity. African countries' agreement to seek self-sufficiency in food was reached within the framework of the Lagos Action Plan (1980). It was recognized that the structural weakness of African agriculture and its development could not be considered in isolation from the processes of economic and social development. By mid-1984 some 34 African countries had drawn up programs of a food strategy aimed at self-sufficiency based on the priority position of small commodity producers and the release of market relations from strict state control. The main obstacle to implementation of these programs was African states' financial weakness. According to the Lagos Action Plan, the sum total of necessary investments in agriculture and food in the 5-year period 1980-1985 was to have constituted \$22 billion (in 1979 prices) or approximately \$4.4 billion annually, of which approximately one-half was to have come from national sources. According to UN estimates (in the absence of statistical data), in 1981 African countries' national investments did not amount to even half the required amount. In subsequent years they continued to decline on account of the deterioration in the state of the balance of payments, budget crises and new eruptions of drought and starvation. Outside assistance also declined abruptly compared even with the levels determined by the Lagos Plan and the International Development Bank (IDB). The attempts to increase the influx of resources with the aid of the IDB, the EEC and various bi- and multilateral agencies are producing discouraging results. The attempt of the IDB at the end of 1984 to collect the necessary \$3 billion as a "Special Fund for African Countries in the Sahel Zone" ultimately produced \$1.25 billion. The International Agricultural Development Fund is on the verge of disintegration also. The cooling of international organizations' interest in the financing of long-term plans to develop African agriculture is connected to a considerable extent with the irresponsible attitude of the leaders of a number of recipient countries toward foreign aid: the practice of the spending on food of

the resources obtained for the restoration and development of agriculture has become quite commonplace. Food imports, originally brought about by special circumstances, began very rapidly to turn into the main source of survival. The discrepancy between consumption additional to national foodstuffs and commercial imports has been compensated to some extent by food aid. This has increased even more the dependent sentiments of the leadership of African countries in which there has been a food shortage.

In 1986 Western countries, particularly the United States and West Europe, could have increased aid on account of the inordinate grain reserves which could not be sold on the world market. This was emphatically opposed by the UN Food and Agriculture Organization (FAO). FAO Director General E. Saouma explained his position as follows: "The main thing is not supporting Africa by increased aid but helping it to itself produce its requisite foodstuffs. We need for this to help Africans produce and sell them at prices which are profitable to them and stable" (3). While recognizing the obvious justice of the need to constructively assist the implementation of plans for self-sufficiency in food, it is difficult to agree with E. Saouma's hopes for a "restoration of balance in the sphere of commodity exchange" between Africa and the West. The development of exports of agricultural raw material from the developing countries has no prospects at the present time both on account of the fall in demand on the markets of industrial countries and as a consequence of the difficulty for the backward countries of speeding up export production.

Programs of the development of traditional agriculture, in which the center of gravity has been transferred to support for food production, would seem more promising. The creation of systems of local irrigation and the use of improved varieties of local cereals and root crops is economically accessible even to the poorest African countries. The revival of traditional forms of agriculture and the encouragement of the peasants' cultivation of unmarketable crops would seem a practicable method of rendering emergency assistance in the fight against hunger, which has become an epidemic, in the Sahel zone and adjoining areas and halting the progressive erosion of the soil. Combined with traditional crop rotation and a system of protective dams, small-scale irrigation channels and fast-growing and early fruit-bearing tree plantings for restoration of the humus—measures not requiring large capital investments—*small-scale family production may not only in the next few years but in the long term also be a source of at least the minimal provision of foodstuffs* for the least developed countries. The sole indispensable condition of the possibility and effectiveness of such a path is an economic strategy of the national governments aimed at the maximum use of intrinsic resources in forms of development most in keeping with local conditions at a pace determined by the evolved production cycle. The artificial introduction of large-scale economic activity to an ecologically unstable environment (aside from the constant civil wars

being fought with the aid of powerful military equipment) is a principal reason for the desertification and starvation in Africa.

### How To Satisfy the Consumer?

Just as the Sahel at the present time represents the natural limit, as it were, of the spread of industrialization in Africa, Japan is an example of the possibility of the practical combination of and mutual adaptation of the traditional and latest methods in the organization of agricultural production and the mutually complementary development of industry and agriculture.

Whereas the situation which has taken shape in the Sahel region within the limits of a single lifetime has demonstrated the possibility of the swift and broad-based destruction of soil cover which took shape over centuries, Japan has in this same period of time set an example of the artificial creation of a fertile layer on land unsuitable for cultivation and of the progressive intensification of farming given a reduction in agricultural land. Japanese farming may undoubtedly be spoken of as being the work of Japanese farmers.

Collating and simplifying somewhat the processes born of the rupture of ecological relations in Africa, it may be said that the Sahel has represented the most tragic models of parasitical urbanization. The settling of large masses of people primarily engaged in agricultural production, their forced lengthy inactivity and their existence on casual income and, mainly, various donations are forming in the areas of ecological imbalance vast armies of people who have lost the capacity for labor. Devastating droughts like those of the Sahel are not only a tragedy of the present, they are a problem of the future for millions of people.

In industrially developed capitalist Japan urbanization was the fruit of industrialization, in the course of which the countryside underwent a dual metamorphosis: the boundaries of rural localities narrowed and the numbers of persons living in the countryside declined, but simultaneously the material and cultural level of the country rose to the town level. Green oases are accommodated evenly in the neighborhoods of new urban developments, as a rule, and measures of the preservation and encouragement of agricultural production within the industrial agglomerations came to be adopted as of the mid-1970's in areas of the most dynamic industrialization. One such area is the Kanto plain on Honshu Island. It was among the most fertile agricultural areas of feudal Japan, but is now one of the most industrialized parts thereof and a citadel of S&T progress. The country's capital, Tokyo, and the major port of Yokohama, which are located here, were the gate of Western civilization's penetration and remain centers of the spread of technical progress in the country. It is here that the type of urbanized farming activity which may be observed to this extent or the other in any part of Japan has taken shape. In the course of industrial development three

forms of the production of agricultural products have been defined: farm production in rural localities; industrial nonfarm production chiefly on the basis of urban capitalist enterprise; farm production within densely populated industrial areas.

At the center of industrial Japan (and, accordingly, at the center of the Kanto plain) is Kanagawa Prefecture with its chief city of Yokohama and directly neighboring the prefecture (and, consequently, the capital) of Tokyo. It can be clearly seen in the example of this prefecture how the modernization of agriculture, developed in the form of adaptation of the means of production to the specifics of traditional small and multiple-field Japanese land utilization, has secured the high productiveness of farm production. In the list of economically developed capitalist countries Japan is in last place in terms of the amount of agricultural land and its share of the country's total area (4.8 million hectares and 13 percent of the country's territory respectively) (4, p 1). In terms, however, of the proportion of the economically active population employed in agriculture Japan, together with Italy, heads this list. The proportion of persons employed in agriculture in the total numbers of those working in all spheres of economic activity is the minimum in Great Britain (2.5 percent), and the maximum, in Italy (10.1 percent) and Japan (9.5 percent) (4, p 3).

It is appropriate to recall that among the industrially developed countries Japan is distinguished not only by the large proportion of people working directly on the farms but also, which is particularly important, by the significant proportion of the population leading a rural way of life (up to 30 percent of all the inhabitants of the Japanese islands). Labor-intensiveness, whereby the proportion of live labor, combined with the high level of its productivity—a most important feature of Japan's present-day agriculture—is great, is a synthetic indicator of a combination of the farmers' traditional attitude toward agricultural labor and specific forms of its mechanization.

The policy aimed at the creation of a domestic food base, which was formulated in the postwar years and which is pursued to this day, has relied mainly on small family production. The predominant production unit (85.5 percent) in Japanese agriculture are farms with an area of cultivable land of up to 1.5 hectares (including 44.5 percent, up to 0.5 hectares), among which owners and family members employed in other types of economic activity (86.5 percent) are preponderant, so that on average, according to statistics, 1.43 persons of the 4.58 residing there work on the farm (4, p 113).

What in the light of this are the positions of industrial Kanagawa? Whereas in terms of the ratio of rural land and the territory of the prefecture Kanagawa does not greatly exceed the average Japanese figures (10 percent),

in terms of the participation of the population in agricultural production the prefecture has attained the minimum European level (2.5 percent). More detailed statistics show that considerably fewer numbers of people work permanently on the farm than in the country on average: 81,000 persons provide the 7.4 million inhabitants of Kanagawa with local foodstuffs, satisfying their requirements in vegetables 43 percent, fruit, 22 percent, eggs, 31 percent, and dairy products and pork, 27 percent (4, p 126; 5).

At the start of the 1970's, when industrial and municipal construction was threatening to swallow up the extremely limited rural land, 200 agricultural areas of 100 to 200 hectares each in area were set aside as not being liable to urbanization. These islands of pure land, greenery and fresh air evenly built in to the ferroconcrete environment of the adjoining cities were designed to perform two vitally important functions: provide the inhabitants daily with fresh produce and be a place of recreation for the townspeople.

It should be recalled once again that it is a question only of farm production, besides which Japan has developed food production by the industrial method. Large poultry-breeding and animal husbandry complexes are operating particularly successfully in the large cities. It is they which provide the Japanese market with nonfarm foodstuffs.

The specific feature of urbanized farm production is that it undertakes to provide the consumers daily with fresh produce the year round. Such general orientation of the farmers toward daily market supplies determined their specialization mainly in the cultivation of vegetables and fruit, poultry breeding and dairy stockbreeding. Rice growing is totally absent in urbanized farming. Vinyl and glass vertical hothouses make it possible to cultivate various vegetables, berries and mushrooms on practically each farm, but the main contingent of their producers is made up of the owners of the smallest (up to 0.3 hectares) plots. The well-oiled operations of sale and supply cooperatives (the farmers are supplied regularly with trays with a ready-to-use mixture of earth and nutrients, which are subsequently changed within the established timeframe; produce may be sold via the cooperatives also) make hothouse production accessible even to the farms where all members of the family are employed outside of agriculture.

To this should be added the existence on each farm (from the smallest to the largest) of an extensive and diverse set of small-sized equipment (up to 8 h.p., in the main), whose principal purpose is not so much the replacement of physical labor as the possibility of making it more diversified and thorough. Old people and schoolchildren involve themselves in this labor, in the main.

Besides the production unencumbrance, this type of vegetable growing has an obvious market advantage. Even in the event of sale via cooperatives, the cultivation of small consignments of diverse types of vegetables,

greens, berries and mushrooms has a permanent contingent of local, neighborhood consumers. In the majority of cases, however, there is a personal connection between the farmers and the consumers frequently reaching the point of the customer's personal selection of the produce of interest to him. This is particularly prevalent in horticulture. And it is appropriate to mention here the special attitude of the Japanese toward nature, the land and what grows on it. The organic connection between the Japanese and living nature and an aesthetic perception of the world, which are not contrary to the pragmatic and not so elevated attributes of the national character, are quite effectively supported and satisfied with the aid of such commodity relations. It has to be said that whereas the daily presence on the menu of the Japanese of fresh gifts of the land is perceived by them as something that goes without saying, the possibility of admiring flowers, breathing fresh air and gathering with their own hands fruit in an industrial city seems a miracle. The local authorities are encouraging in every possible way schools' acquisition of small plots of land, where teachers and students have an opportunity to engage in the most natural and ancient form of labor, which, in the opinion of psychologists and sociologists, contributes to the preservation of the country's best traditions and the harmonious development of the younger generations.

Intracity farm animal husbandry, pasture dairy stockbreeding particularly, would seem quite unusual. The dietary tastes of the West came at one time to Japan via Yokohama and Tokyo, and here also, on the Kanto plain, the foundations of Western-type intensive animal husbandry have been laid. Kanagawa's present animal husbandry is a branch of production in which the owners of the larger areas of land (1.5-2 hectares and more) specialize. More than 40 percent of the farms of the prefecture is connected with meat and milk production. Farms on which livestock is fattened for meat are considerably larger in Kanagawa than the average for Japan. The number of head of livestock per farm in Kanagawa and in Japan on average correlates as follows: cows for meat, 20 and 8, hogs, 200 and 114 (4, pp 258-259).

Small farms—up to 20 head (with an average-Japan level of 25 head)—predominate in dairy stockbreeding, however. As distinct from barnyard and meat stockbreeding, dairy stockbreeding exists in the prefecture only in pasture form. As Japanese sources attest, the dairy cows are provided fully with local coarse fodder, and the meadow area increases annually.

Demand for meat and dairy products in Kanagawa (as throughout Japan) is growing slackly, which is connected with the stability of the traditional Japanese diet. Despite the pronounced "Westernization" of tastes and the extensive spread in the country of Western ingredients of nourishment, the quantity of meat and milk (and products therefrom) consumed per capita is not distinguished by dynamic growth. From the mid- through the end of the 1970's annual per capita consumption grew on average as



follows: meat by 900 g, but of milk and dairy products, by 5.4 kg; from the start of the 1980's through the mid-1980's, by 300 g and 1.2 kg respectively (4, p 61; 6). The existing demand for these types of farm product is being reduced increasingly to the need for fresh meat and milk obtained without the use of any chemical agents for increasing livestock productiveness. Specifically, fresh milk is required in Japan for the school diet, which determines the pasture keep of the livestock to a considerable extent. In addition, meadows in the prefecture perform the role of natural-aesthetic and sanitation source.

Urbanized farm production in Kanagawa has influenced not only its specialization but also the sale of produce in small consignments. In turn, the small-series production of highly perishable products determined the nature of the market relations between farmers and consumers. Individualized demand for only products of "prime freshness" led to the establishment of personal contacts between purchasers and vendors and the orientation of farm production to a considerable extent toward the specific requirements of particular customers. The personal union of the producers and consumers of agricultural produce has borne mutually profitable fruit for both parties: guaranteed sales for the farmers and guaranteed high product quality for the customers. This almost patriarchal idyll under the conditions of strict market competition has quite a strong foundation. We should address here the role of agriculture in the strategy of Japan's postwar economic development.

After the war the country's agriculture was confronted with not an obvious but fundamentally important task, besides food self-sufficiency—an easing and lessening of the negative social consequences of the high rate of industrialization. This explains to a considerable extent the Liberal-Democratic Party's policy in respect of agriculture. Most important instruments of this policy were the maximum possible, from the viewpoint of the maintenance of active economic and political relations, protection of the domestic market from imported foodstuffs and official purchase prices for grain stimulating farm production, which played an important part in fulfillment of the program of the country's self-sufficiency in rice and in maintaining small family farming. The state determined annually the purchase and retail price of rice in a ratio in which the first unfailingly exceeded the second, the difference being made up from the budget. The organization of marketing and sales was in the hands of the sales and supply cooperatives. The price in itself was sufficient incentive for the production of rice even on the smallest farms since it guaranteed in any event compensation for costs and a minimal income. Additional forms of encouragement of small farm land utilization are: a system of preferential taxation of the proprietors of agricultural land, numerous forms of regulation of the production of other (besides rice) agricultural commodities, maintenance of a ratio of the price of farm products and production costs profitable, on the whole, to the farmer and various programs of the

preferable extension of farming credit. The mass "pluralism," and in Kanagawa, almost universal, testifies to the sufficient durability and high degree of adaptability of small family farm production on the one hand and the absence of strict market pressure on it on the other. At the same time the evident noncompulsory nature of agricultural occupations (the main source of income for the vast majority of the "pluralists" is outside of farm production) may be explained not only by the stimulatory policy of the state and the need for the preservation of man's direct contacts with the land, which we have already mentioned. A very important part has been played by Japan's sales and supply cooperatives essentially concentrating the producers' market and financial relations (supply to the farmers of the means of production; credit; purchase and sale of their products), thereby protecting the farmers quite effectively against the uncertainty of market relations and against the direct contacts with the monopolies operating in the agrobusiness system.

It should be acknowledged that the overall positive result of agricultural protectionism in Japan entirely justifies both its economic unprofitability and the political costs associated with warding off the attacks of the domestic and foreign supporters of an open economy.

Agriculture existing on budget subsidies continues to attract farmers. Interest in rural production for the vast majority of Japanese farmers (the "pluralists" particularly) is determined not so much by the income therefrom as by the possibility of enjoying the privileges legislatively reserved for rural landowners.

Consumer interest in the farm product, on the other hand, is maintained, in turn, by the foodstuffs' accessibility in terms of price. The growth of retail prices of foodstuffs lags behind the growth of wages; there is no appreciable gap in retail prices between the big cities and rural localities; the proportion of the expenditure on food in the family budget is declining constantly (7, p 438; 4, pp 52, 53).

The postwar evolution of Japanese agriculture, which evidently reached its culminating phase in the form of urbanized farm production, has shown that, even given the rapid industrialization of the economy, efficient use may be made of the potential of traditional farming, if the strategy of development is well conceived.

A comparison of the Sahel and Japan would seem appropriate from this viewpoint: not the supplanting and destruction of traditional forms of production but their preservation and use for the development of the whole economy is the most practicable strategy for Africa's developing countries, which wish to achieve food independence. Obviously, Japan's experience could be for them merely a motivating factor since the initial economic levels are noncomparable. And the ultimate forms of food independence could prove different to those in Japan. However, the creation of conditions for stable



guaranteed provision with foodstuffs of the population of countries with marginal management conditions may become a reality only as a result of the pursuit of a well-conceived strategy of development.

Both the positive experience of Japan and the negative African experience show that at the present time the problem is not only one of providing people with their daily bread but also, in line with industrialization and urbanization, of preserving the connection of man and his habitat. Not only as a form of food production but also as a way of life agriculture should not disappear in an industrial world.

#### Footnotes

\* The Sahel is an area in North Africa bordering the Sahara Desert. Kanagawa is a prefecture in Japan.

1. FAO MONTHLY BULLETIN OF STATISTICS, Rome, March.

2. G.F. Radchenko, "Countries of the Sahel (State of the Natural Environment and Problems of the Development of Agriculture)," Moscow, 1983, pp 217-218.

3. JEUNE AFRIQUE, 14 July 1986.

4. ("Poketto norin suysan tokey"), Tokyo, 1985.

5. THE KANAGAWA. Bimonthly of Kanagawa Prefectural Government, Oct-Nov, 1985.

6. "Abstract of Statistics on Agriculture, Forestry and Fisheries. Japan. 1985," Tokyo, 1986.

7. ("Nihon noge nenkan"), Tokyo, 1985, p 438.

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#### Economic Strategies for Developing Countries

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[Article by Boris Isaakovich Slavnyy, candidate of economic sciences, senior scientific associate of the USSR Academy of Sciences International Workers Movement Institute: "Collisions of Labor in the Developing Countries"]

[Text] What promise does technical progress hold for the developing countries? Financial and investment resources and also energy resources and markets for the sale of products here are entirely insufficient for realizing the model of technological progress which has until recently been predominant in Western countries. But even were we to imagine for a moment that all the said material and physical and market conditions of such development were present here, the ecological and other

consequences of such a turn of events would prove fatal for all of mankind. The planet would be buried in waste. But it is, of course, more than just a question of this. The sole real wealth of the developing countries today are people, who have rid themselves of colonialism and have seriously shaken the power of the traditional exploiters. However, these people are suffering from poverty, hunger and disease, and the masses thereof are, as before, ignorant and enveloped in prejudice. What does progress, which requires for its realization a limited number of skilled workmen, promise? The main thing, however, is: what will become of the rest? Certain aspects of this subject will be broached in this article.

A most indubitable practical result of the implementation of a strategy of economic growth has been—and all Soviet experts are unanimous here—the creation of a modern working class based on an industrial nucleus. However, this fact is no longer as obvious today as it was some time ago. Undoubtedly, the creation of large-scale machine production has led to considerable economic, political and social changes in the society of developing countries: the development of a modern sector in the economy and the modernization of political institutions, which has brought them closer in form to the West European models and, what is most important, to a change in the conditions of employment in social production for considerable numbers of the population. The social changes connected with this have been highly significant also: there has been a redistribution of manpower from employment in traditional agriculture to employment in industry, the sphere of administration and in construction and services; the occupational-skills structure of manpower has changed (specifically, the proportion of white-collar workers in the general masses of persons employed has risen), and the scale of the prevalence of wage labor has increased considerably, both absolutely and relatively.

These changes have been quite profound: they have reflected the new role which present-day capitalist production is performing in regulation of the social process in societies of the emergent countries. A UN report devoted to the current social situation in the world says: "A lowering of the rate of growth or even a reduction in the scale of production in the modern sector may alter the proportion in which amounts of production are distributed between the traditional and modern sectors, but it cannot reverse the long-standing trend toward the reallocation of manpower from one sector to the other. People cannot return to the traditional sector, they are forced to turn to the urban informal sector" (1). A new social situation for the majority of the emergent countries is in fact recorded here: capitalism has ceased to be an enclave of a foreign system, it has become the predominant mode of production.

What has been said does not mean that the developing countries have succeeded in solving social problems born of economic growth itself. On the contrary, a concept of the crisis of development characterizing primarily the

bankruptcy of the so-called catch-up model has been imprinted in people's minds. It is a question of an increase in the gap in per capita income indicators between the developed capitalist and developing countries; this applies not only to the 1980's compared with the 1960's but also to the mid-1980's compared with the start thereof. The goal of development consisting of a convergence of the living standards and conditions of the majority of the population of the two groups of countries was not achieved and today appears less attainable than ever.

A concentrated expression of the development crisis has been the spread, as the strategy of economic growth has been implemented, of mass poverty, illiteracy, hunger and living conditions unfit for man. Industrialization in the modern sector is introducing to comparatively high standards of consumption and acceptable living and work conditions only a negligible minority of the population; the lot of the majority remains poverty.

This in itself is not the cause of the crisis but rather its consequence; the cause, on the other hand, as contemporary experts recognize, is the fact that the implantation in developing countries of large-scale capital-intensive production occurred in isolation from the social conditions which exist there: "...a development strategy encouraging the use of capital-intensive methods of production promotes an increase in returns and savings and also the rate of economic growth. It was this philosophy which formed the basis of import-substituting industrialization favoring the urban modern sector and the groups of the population connected therewith at the expense of the urban and rural poor..." (2).

Among Soviet researchers, a profound interpretation of this phenomenon was provided by A.P. Kolontayev, who defined it as a consequence of the discordance between cost and technological factors. Cost factors, the basis of which are the huge reserves of cheap and low-skill manpower, dictate the use of manufactory equipment and forms of the organization of production, but, Kolontayev writes: "The very use of cheap manpower, however low its cost under modern conditions, encounters the technological nonconvertibility of the production operations which exist in modern industrial production" (3, p 59). In other words, an abundance of live labor and a shortage of capital cannot influence the choice of equipment and the organization of production if the scale of this production, the cost of the creation of a job, the level of skills of the manpower and the numbers of the personnel are technologically predetermined.

An industrialization strategy which does not proceed from the available resources of labor and capital or from social and market conditions is contrary to the law of value. The idea of such a strategy emerged prior to WWII and gained prevalence in various countries. The practice of forced industrialization in the USSR became after the war a model for the developing countries. The theoretical interpretation of this practice—the base for development strategy—was the Feldman-Mahalanobis model,

which gained popularity in planning theory and practice in the first decades following the liberation from colonialism (4). Its essence amounted to the implementation of an integrated economic strategy, which would make it possible, having limited personal consumption, to concentrate the maximum possible resources on accumulation. In reality this meant not so much a redistribution of resources as the creation of a whole complex of large-scale enterprises specializing in the production of components of consumption. These enterprises were defined as base, key enterprises, as development zones and so forth. (R. Nurkse, P. Rozenshtayn-Rodan, F. Perrou, W. Rostow, A. Hirschman and other scholars of various schools and ideological beliefs made a significant contribution to the elaboration of the theoretical support for this strategy.

The theories of the above-mentioned scholars take as their point of departure the situation characteristic of the majority of countries (shortage of capital and surplus of human resources). In itself this situation pointed in the direction of the development of small-scale production with its low capital requirement and reliance on the use of low-skill manpower. However, at that time, as now also, the majority of scholars and politicians believed that small-scale production is inefficient and that it condemns an economy to backwardness. Therefore, in defiance of the actual correlation of live labor and capital, scholars proposed that the emphasis be put on the creation of large-scale modern industries based on the achievements of the S&T revolution. In order to impart a long-term nature to such a strategy it was necessary not only to concentrate resources and draw up plans of capital investments but also to constantly implement a policy of cheap capital and costly manpower. Back in the mid-1960's G. Myrdal pointed in "Asian Drama" to the illogicality of such a policy: it prompted the agents of production toward the maximum expenditure of a resource in short supply—capital—and economies in an abundant resources—labor. In practice this frequently resulted in live labor being ousted from production by capital and in the low efficiency of labor-intensive technology. It was to this that attention was called in a report prepared by the ILO secretary for the 69th session of this organization in 1983.

The ruling circles of many developing countries are devoted to this strategy not so much on account of the influence of the theoretical postulates as in consequence of the fact that it is profitable to government officials who have concentrated in their hands power over resources and people. The state is not only client and employer, it in many instances guarantees the viability of the large enterprises. As a result the practice of the enterprises' universal dependence on the decisions of government officials of various levels is taking shape. It is significant that each specific decision in question is not accommodated to some general principles but remains specific, not subject to common rules and requiring on each occasion special intervention on the part of the state. G. Myrdal called this practice of management discretionary.

The low efficiency of large-scale production concentrated primarily in the public sector is indubitable. In 1987 the proportion of industrial assets in India's public sector was almost three times greater than its share of gross profits. There is extensive data in respect of many countries and territories, South Korea included, on the unprofitability of these enterprises. The most obvious reason for this is the low efficiency of live labor. On the one hand the price of resources is contributing, as said above, to the displacement of manpower from large-scale production; on the other, the state is influencing the level of the hiring of personnel at these enterprises. The numbers and skills structure of those actually employed here are frequently totally at odds with projected standards determined by the production technology. Data pertaining to Algeria and Egypt show that the skills of this work force are lower, as a rule, than planned, but the numbers, two and more times as high. Whence the low equipment use factors, low productivity, equipment idling and incomplete employment. On the basis of such facts A. Emmanuel concluded that a particular "mode of employment," different from that planned, is taking shape in the large-scale production of the developing countries created in accordance with foreign designs and furnished with imported technology (5, p 27).

The unprofitability of large-scale production is explained, in addition, by the narrowness of the market for its products. This is connected to a considerable extent with the purpose of these products, which represent, as has been mentioned, components of consumption. However, demand for these enterprises' consumer products is limited, the commodities being inaccessible to the majority of the population on account of high prices. Whence the low level of use of existing capacity. Thus large-scale production does not become a stabilizer of the social process and the base thereof, on the contrary, it itself frequently engenders instability and tension in society.

Despite the state hiring policy, large-scale production plays a very limited part in maintaining the overall level of employment; despite the concentration of basic resources at the disposal of the state, this production takes little part in maintaining the living standard of the majority of the population. Yet it is to large-scale production that the main hopes for economic modernization, technological progress and, ultimately, the increased employment of the manpower are entrusted. These hopes have been and continue to be nurtured by people of various convictions—conservatives, liberals and radicals; all continue to believe that large-scale production needs to be introduced at any price (a), if, on the other hand, the law of value is contrary to this process, so much the worse for the law of value (b).

Some Soviet scholars express the idea that the economy can and should develop in contradiction with the conditions of the market and the demands of the law of value; A.Ye. Granovskiy, for example, writes: "The sources of the ideas current in contemporary literature concerning

the indigence of the people's masses as the cause of the crisis of selling in the capitalist sector are to be found in S. de Sismondi's so-called romantic concept..." (8, p 248). Other scholars see as the main contradiction the process of the emergent countries' development along a noncapitalist path and preservation of the law of value (9, pp 417-418).

The exacerbation of the problem of selling on the one hand, and mass poverty on the other—these are the natural consequences ensuing from development which is contrary to the law of value. The intensification of the social consequences of this development could cause an explosion in society. Until recently many of our scholars saw this explosion as a manifestation of the incapacity of capitalism for resolving its immanent contradictions. Social catastrophe in the developing society was seen as the logical result of the developing countries' choice of capitalist path, and its theoretical anticipation was declared virtually a triumph of national science: "Marxist economic science... has scientifically substantiated the impossibility for all developing countries of the complete accomplishment of the tasks confronting them on the paths of capitalist development..." (10, p 39).

It is easy to see that in reality the essence lies elsewhere—in the difficulties of the solution of problems inherited by capitalism from precapitalism. The path of a socialist orientation advanced as an alternative to capitalism marks, with regard for this point, not society's ascent to a higher level of progress but an alternative path of solution of those same problems with which capitalism has failed to cope. Meanwhile, it is necessary "to consider not only the 'vertical' correlations between capitalism and socialism as lower and higher levels but also their certain 'horizontal' correlation" (11).

I would once again recall the special neocolonial "mode of employment" of manpower in the large-scale production of the developing countries which A. Emmanuel discovered there. The French scholar explains its emergence by the sophisticated cunning of international exploiters. A simpler explanation may be found, I believe: in these countries the working people are simply not ready for work in this production, and this is connected not only with the lack of physical and psychological powers, skills and occupational training; the requisite attitude toward labor, discipline, precision and so forth has not evolved historically in the developing countries. These prerequisites of the successful functioning of this production are taking shape with even more difficulty and more slowly than those listed earlier. Experience shows that their appearance is far from achieved by the simple fact of the combination of live labor and the means of production. In real life everything works out differently: it is not technology which imposes its demands on people but, on the contrary, people adapt to technology, subordinate use thereof to a work rhythm which is acceptable to them and to their attitude toward time and so forth. As a result the above-mentioned

"mode of employment" takes shape. To this should be added the economic disarray arising on account of the absence of market control over production.

So we ask: is large-scale production the main creator of the working class? Or, more precisely: is man's conversion into a specialist, into the "exponent of progressive beliefs" even, really achieved by the replacement of a traditional occupation by a modern one (hunting with a spear, for example, by work at a machine tool with numerical program control)? Understandably, equipment, borrowed or imported even less, does not in itself shape man and does not determine his social maturity. This quality is manifested to the greatest extent in the position which people and groups thereof occupy when it is a question of the development of production or the interests of the whole of society.

The facts testify that workers of large-scale production do not always in their system of values give pride of place to problems associated with modernization of the economy and also with the poverty and unemployment of the people's masses not employed in this production. For example, in 1965 the Indian Government proclaimed a new industrial strategy oriented toward the development of computer equipment. This policy undoubtedly contains a threat to the economic position and employment of workers of the public sector formed at the time of the first 5-year plans. The Senegalese Government put forward for discussion an IMF recommendation amounting essentially to the following: the policy of "cheap capital" and costly labor has led to the creation of large-scale industries with high individual job cost and relatively high wages. Meanwhile mass unemployment connected with the presence of a vast army of unemployed is intensifying, and these industries themselves are proving in practice to be not that efficient. The IMF suggests a lowering of wage rates and also the utmost reduction in the cost per job. This would be possible by, also, transition to simpler (stadial) forms of the organization of production and hire (to the application of day-to-day forms of hire, work in the home and so forth). The communists and the unions both in India and Senegal opposed these programs, demanding of the government a rise in, and not a lowering of, the technical and social level of the use of manpower and also the adoption of measures ruling out unfavorable social consequences of the strategy being elaborated.

Such a position on the part of workers of large-scale production could in time become unpopular not only among employers and international organization experts but also among the working masses at large.

The most diverse social forces are today uniting in the search for solutions, and one such solution is aid to small-scale production, including the allocation of orders for the performance of a particular piece of work at the home and so forth. According to certain data, such a form of the organization of production could be quite

effective given an orientation toward the national market (and even for export at times, if these orders are allocated in accordance with plans drawn up by the TNC); it is capable of competing with large-scale production (12, p VIII).

A capitalistically exploited work force and the working class are concepts which are close, but not identical. The basis of their convergence is the historical experience of the peoples of the West, where the improvement of production and technology and the growth of class self-awareness went hand in hand. The developing countries have a different historical experience determined by the absence of an important prerequisite of the development of the working class—the workers here are not personally free, and not in the sense that they are socially inferior (within the framework of the present social stratification), what is more; their consciousness is fettered.

The classics of scientific socialism pointed to the causal connection between the freedom of the worker, the law of value and class formation. The association of the workers in a class was linked by them with these workers' endeavor to oppose unfavorable conditions on the labor markets, and in this sense their association may be interpreted as an agreement "as regards the conditions within whose framework individuals subsequently acquired an opportunity to use chance in their own interests. This right to use within the framework of certain conditions chance has up to now been called personal freedom" (13, vol 3, p 75). The freedom of the worker constitutes an important feature in the mechanism of the production and circulation of surplus value: in order to freely alienate his manpower and sell it on the market the worker requires "the sum total of other—political, legal and other—bourgeois freedoms" (14, p 55).

The position of workers of large-scale production, primarily workers of enterprises of the public sector, is barely dependent on the fluctuations of supply and demand on the labor markets; this position is determined by the power of officialdom. Essentially traditionalist relations of patronage and the personal loyalty of subordinates in relation to superiors are inevitably recreated at these enterprises. The foreman or other small-scale or top executive finds himself in the place of the traditional leader. Thus large-scale production contributes not so much to the surmounting as the conservation, albeit in different forms, of traditionalism. And although, as many experts believe, the development of this production should modernize the mass consciousness and supplant traditionalism on the periphery of this consciousness, we observe a different picture in practice: economic growth is accompanied by the spread of mass antiprogressivist movements based on the ideas of fundamentalism, traditionalism, communalism and so forth.

In contrast to large-scale production, small-scale production organizes its activity on the demands of the law of value: on the very negligible use of means of mechanization and the extensive use of cheap low-skill manpower. Some small-scale production works on the orders



of large enterprises, producing individual units and parts, the rest, on the other hand, specialize in the manufacture of an end consumer product. Small enterprises of the formal sector are located both in the towns and, in very significant numbers in terms of the number of persons employed, in rural localities. The informal sector is located more often in the towns.

The difference between the formal and the informal sector is defined by the attitude toward the laws of the state. Enterprises of the formal sector not only use legitimate sources of credit, raw material and technology; they undertake to comply with legislatively determined rules in relations with the other contracting parties. Their obligations here include the production of goods and services recognized by the law (the production and sale of narcotics and prostitution must not be included here, for example). Finally, employers in the formal sector undertake to abide by the established rules of the hire and use of manpower. The state, in turn, undertakes to grant these enterprises credit and technology, protect them against foreign competition and also from the competition of large-scale enterprises, connect them up with electric power sources and so forth.

The large-scale modern enterprises are to a considerable extent becoming a base for the emergence of the informal sector. There are substandard raw material reserves there which find their way into the informal sector, and consumer durables whose repair is also undertaken by the informal sector are produced there, but the main thing is that monetary income is created there which, being, by means of the market, widespread beyond the framework of modern production, provides employment and a source of livelihood for the broad people's masses.

The position of the formal sector differs from that of the informal sector since the latter does not comply with many of the demands of official legislation. Nonetheless, the state is forced to tolerate this sector. After all, a law stipulating a minimum wage contributes to demand for manpower being much lower than its supply. It is to ease this contradiction between what is desired and what actually is that the informal sector exists. Prohibited methods of the forcible recruitment of manpower are employed there, the working day is not standardized, there are frequent instances of a workman not being able to quit his boss at his own wish and so forth. The bosses thus force the workmen into a volume and rhythm of labor input profitable to the former; in the West this end is achieved by the threat of unemployment, competition and so forth.

The existence of small-scale production adjusts not only the conditions of employment in society determined by the functioning of large-scale production. Producing consumer goods and services, it supplements the product of the large enterprises producing mainly components of consumption.

It is important to mention one further point: the informal sector, in which significant numbers of the urban manpower of the developing countries are concentrated, functions in most direct connection with the sphere of mass crime. There is reason to believe that organized crime undertakes the dirty work on pressing people to work on terms profitable to the employers. Extensive use is made here of traditional forms of social obligations: sending a debtor to work for a third person to work off a debt, parents' sale of their children and so forth and also of comparatively new forms (the creation of clandestine factories based on slave labor, for example). Organized crime supports the traditional obligations; where these forms of compulsion are lacking, they are imposed by force. Thus in Brazil the industrial zone of Sao Paulo, which is today one of the most dynamic economic zones in the capitalist world, where several hundred thousand new small firms emerge (and almost as many perish) annually, is distinguished by the world's highest number of murders.

The informal sector's relations with large-scale enterprises also bear the clear imprint of embezzlement, corruption and so forth (15). Bureaucracy finds a common language with the criminal world, which enables it to avail itself of some of the benefits afforded by the exploitation of manpower under informal terms of hire. For example, in a number of countries part of the work force at large-scale enterprises is used on informal terms, and, in addition, the biggest enterprises are under present conditions becoming an increasingly profitable sphere of the investment of the efforts and capital of entrepreneurs and operators from the informal sector. Thus a historically unprecedented situation is taking shape in the developing countries: capital exploits there the work force, which is being prevented from becoming a class by intrinsic unfreedom. However, this is not impeding the process of capitalist exploitation, to which the spread of such methods of the use of live labor at enterprises of the TNC—as is known, the most flexible agents of modern capitalism—testifies (16).

The slowness of the process of class formation is expressed in the fact that today the state of public consciousness corresponds not to the concept "class" but rather to the concept "masses," and these masses emerged, what is more, as a result of the destruction of the traditional social structures, and not as a consequence of "massification," that is, what occurred in this case was absolutely not the process which in contemporary Western society resulted in a rapprochement of the forms of life of individual strata and classes and the spread to all levels thereof of some common set of standards of behavior and living, ideas, concepts and evaluations. Massification in the West has been connected with the development of modern technology, including mass communications systems, mass consumption and so forth (17). Thus some group differences preserved in the life of the present-day classes are being erased. Nonetheless, even now there are in Western countries social groups which have not in terms of level



of their consciousness attained the status of class and correspond more to the status of masses (c). This fact has been manifested particularly strongly in the process of the industrial restructuring in these countries, when the middle component of the social structure, the working class of the traditional sectors such as the garment, footwear, textile, metallurgical, ship-building, auto-manufacturing and many other sectors, has been subjected to the strongest pressure on the part of the class of employers. As a result there has been an appreciable reduction in employment and also the replacement of skilled by unskilled labor.

It is important that the "shady" or black economy has enjoyed considerable development in these countries synchronously with the "third world". I believe that the spread of the black economy is averting a social explosion and enabling capitalism to adapt to the new technological and market situation. These factors are operating particularly manifestly in the South European countries (19, p 90) and in the United States, where the base for them are immigrants, who are without rights, from Latin American countries, primarily Mexico, so-called wetbacks (20).

The stabilizing role of the informal sector in averting a social explosion is indisputable—this applies both to the developed capitalist and developing countries. But how to evaluate this role in the long term: will this process lead to the traditionalization of society or, on the contrary, will it provide the prerequisites for the surmounting of traditionalism for class development? It is primarily the informal sector which is clearly marked by features of traditionalism inasmuch as the people's masses hostile to any progress if it entails Westernization are concentrated there (this was manifested particularly forcefully in the anti-shah revolution in Iran).

At the same time, however, conditions for the surmounting of traditionalism are taking shape in the informal sector and, perhaps, throughout small-scale production working in accordance with the law of value. The people's masses, which, on account of their poverty, numbers and lack of rights are not attempting to seek more tolerable conditions for the sale of manpower, will sooner or later feel that the advancement of social demands is not only possible for them but also essential—the law of value will lead them to these changes in consciousness. Our scholarship has for decades approached an interpretation of this law one-sidedly, emphasizing the existence in different use values of some substation which makes it possible to reduce to a common measure the amounts of actual labor expended on the production of these values. We are now in practice coming to know another aspect of this law: only the labor which society has deemed necessary has been expended to some purpose. Thus society's control over production is achieved merely within the framework of the law of value: the connection which exists between them is being revealed to people, as it were, and they are beginning to really recognize the influence of a special social force (d).

The transformation of the public consciousness is facilitated to the greatest extent by class development, I stress, not by the growth of education, qualifications and the technological content of labor but precisely by class development. This process is occurring slowly in the developing countries, and the masses everywhere occupy a traditionalist position, aware of their affiliation to a religious, caste, clan, tribal, linguistic and other community. V.L. Sheynis is right when he maintains that "people's cohesion in quite strong social communities... occurs not so much on a social-class as on a social-cultural basis... (although may, of course, be used by particular classes in their own interests)" (21, p 586). For this reason a situation in society which is modern in its political and ideological structuring frequently conceals a clash of forces which are traditionalist in their social nature. Examples are Afghanistan, Angola and many other countries. Despite all the difficulties, the mere fact of the destruction of traditional social structures and the shaping of people's masses and also their movement toward the historical front stage are positive: after all, without this the continued progress of mankind would be impossible. M.S. Gorbachev said in his report at the ceremonial session devoted to the 70th anniversary of the Great October Revolution: "...the human factor is now approaching the political level not as a remote and more or less spontaneous result of the life and activity of the people's masses and their intentions. It is bursting into world affairs directly" (22).

So the movement of the people's masses of the developing countries toward the world level has created a global problem, in whose solution various methods are being tested. There is in these methods a certain community, which affords scholars and commentators grounds for the conclusion concerning a universal trend in world economic policy (e). In itself this conclusion is not fortuitous, and I would like to propose my version of its interpretation: a return to the ideas of Lenin which we actually embodied in the NEP as a policy enabling society to avoid social catastrophe is under way in the modern world (24). I believe that this policy was not evaluated at its worth not only in our country but overseas also since it was contrary to the main economic and ideological trends of its time: we have still to see for ourselves in practice the world-historical significance of this Leninist idea.

#### Footnotes

1. "1985 Report on the World Social Situation," No 7, 1985, p 73.
2. W.L. David, "Conflicting Paradigms in the Economics of Developing Nations," New York, 1986, p 134.
3. "Socioeconomic Problems of the Reproduction and Use of Labor Resources Under the Demographic Conditions of Developing Countries" in "Labor Resources of the East: Demographo-Economic Problems," Moscow, 1987.

4. G.A. Feldman's articles were published in the journal *PLANOVOYE KHOZYAYSTVO* in 1928-1929. P.C. Mahalanobis, "The Approach of Operational Research to Planning in India," *SAHKJA*, Calcutta, 1955.

5. A. Emmanuel, "Technologie appropriée ou technologie sous-développée," Paris, 1981.

<sup>a</sup> It is a widely held opinion that the mere fact of the existence of large-scale production contributes to the development process. It is believed that it is expedient to implement a concerted program of the simultaneous commissioning of several large-scale enterprises in order that they constitute a market for one another's products (6).

6. See J. Freyssinet, "Le concept de sous-développement," Paris, 1970.

<sup>b</sup> S. Amin points to the market allocation of resources as the main reason for the dualism and mass poverty in the economy of developing countries. For this reason it is necessary, as he writes, to eliminate commodity-money relations and undertake economic building in response to the "directly expressed requirements of the population" (7, p 26).

7. S. Amin, "Imperialism et sous-développement en Afrique," Paris, 1976.

8. "Traditional Structures and Economic Growth in India," Moscow, 1984.

9. Yu.M. Ivanov, "Questions of the Emergent Countries' Noncapitalist Development Path" in "Changes in the World and the Working Class" (MS of a group monograph).

10. "Asian Emergent Countries' Socioeconomic Development Strategy," Moscow, 1986.

11. I.K. Pantin, "October and the Development of Mankind," *PRAVDA*, 23 October 1987.

12. "Labor Underutilization and Poverty in the Developing Countries," *World Labour Report*, ILO, Geneva, 1984.

13. K. Marx and F. Engels, "The German Ideology," vol 3.

14. K.M. Kantor, "Certain Procedural Problems of Study of the Developed Capitalist Countries' Contemporary Working Class" in "Struggle of the Classes and the Modern World," Moscow, 1970.

15. N.V. Jaganathan, "Corruption, Delivery System and Property Rights," *WORLD DEVELOPMENT*, Oxford-New York, vol 14, No 1, 1986.

16. F. Froebel, J. Heinrichs, O. Kreue, "Die neue internationale Arbeitsteilung," Hamburg, 1977.

17. B.A. Grushin, "Mass Consciousness," Moscow, 1987.

<sup>c</sup> Jaspers wrote in the middle of our century about the formation of the masses in Western countries in accordance with the same principle as this is taking place in today's "third world," when people who have lost their place within the framework of the traditional structures cannot find it in the new ones: "...daily reality breaks with tradition, the historically evolved ethos is lost, customary forms of life disintegrate and the most total uncertainty reigns. Atomized man becomes a chance mass of nonhistorically evolved life, which, being, for all that, a human life, is full—openly or secretly under the cover of the vital force of his existence—of anxiety and fear" (18, p 140).

18. K. Jaspers, "Sources of History and Its Purpose," USSR Academy of Sciences Social Sciences Scientific Information Institute, 2d edition, Moscow, 1978.

19. *THE ECONOMIST*, London, 14-20 May 1988, p 90.

20. A. Portes, S. Sassen (Koob), "Making it Underground: Comparative Material on the Informal Sector in Western Market Economies," *AMERICAN JOURNAL OF SOCIOLOGY*, vol 93, No 1, July 1987.

<sup>d</sup> "Social force, that is, a multiplied productive force arising thanks... to the joint activity of various individuals, is a social force as a consequence of the fact that the joint activity itself emerges not voluntarily but spontaneously and appears to these individuals not as their own united force but as some alien power outside of them, of whose origin and development trends they know nothing..." (13, p 33).

21. "The Developing Countries: Economic Growth and Social Progress," Moscow, 1983.

22. *PRAVDA*, 5 November 1987.

23. *LA UNIDAD*, Mexico City, 1988.

<sup>e</sup> "In the USSR perestroika... in China modernization... in Mexico renewal... in other parts of the world similar names. Particular everywhere, but there is a common aspect also: the universal revival of economic liberalism, when the market selects, rejects and raises up and when mercantilist barriers between nations are broken down and personal and group initiative become prevalent in the eye of the state" (23, No 23, p 10).

24. M.Ya. Gefter, "Stalin Died Yesterday..." in *RK i SM* No 1, 1988.

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**New Union Promotes Small Enterprise Foreign Trade**

18250124 Moscow *EKONOMICHESKAYA GAZETA*  
in Russian No 9, Feb 89 p 20

[Interview with Doctor of Economic Sciences Yuriy Vasilyevich Piskulov by correspondent of *EKONOMICHESKAYA GAZETA*: "Big Capabilities of Small Enterprises"; date, place, and occasion not given; passage in boldface as published]

[Text] The Committee on Problems of International Cooperation Among Small and Medium-Size Enterprises began to work under the USSR Union of Scientific and Engineering Societies (SNIO). Doctor of Economic Sciences Yuriy Vasilyevich Piskulov, chairman of the committee, tells a correspondent of *EKONOMICHESKAYA GAZETA* about the purposes of the establishment of the new public organization and its first steps.

[Piskulov] For a long time our ideas of a strong industry were associated primarily with large industrial complexes. However, life itself forces us to reexamine stereotypes. The view of small and medium-size enterprises as something secondary, inevitably retreating under the pressure of industrial giants, led to the fact that small enterprises imperceptibly became suppliers' "step-children." Moreover, the departments themselves began to pay them attention, so to say, according to the residual principle. But under the conditions of the scientific and technical revolution small and medium-size enterprises have a vast potential. They are dynamic and always ready and willing. According to American data, their success rate in the sphere of research and development is 2.5-fold higher than that of a large enterprise.

Here is noteworthy statistics: In the United States so-called "small business" accounts for approximately one-fourth of the total volume of industrial production, in England, for 30 percent, and in Japan, for almost one-half. Goods produced by small firms are noted for their high competitiveness. For example, in the United States "small business" provides for 20 percent of the exports, in England, for about 17 percent, and in Japan, for up to 35 percent.

In our country small (up to 200 employees) enterprises make up one-half of the total number of operating plants and factories. However, they account for less than 5 percent of the total output. They hardly participate in exports. Imagine what a large engineering corps works at these enterprises and what vast creative capabilities it accumulates! According to my deep conviction, a technological renewal of small and medium-size enterprises, a decisive improvement in the conditions of their activity, and the establishment of the widest contacts with foreign colleagues have big potentials for the growth of our economy, potentials that do not require centralized capital investments and a search for new manpower. Therefore, the committee's main task is to promote an all-around

technological renewal of small and medium-size enterprises through extensive cooperation with the foreign engineering and technical community and business circles, in particular, through the establishment of joint collectives, organizations, and enterprises for the provision of consulting and engineering services in the field of research and development, exchange of technology, modern methods of production management and organization, marketing, and foreign economic operations.

[Correspondent] Will the technological lag of many of our small enterprises not become an obstacle for such contacts?

[Piskulov] This least of all frightens our foreign colleagues, for whom "small business" is an ordinary matter and sometimes even an object of special attention. They are ready to develop interaction with enterprises as they are. Business circles show great interest in our initiative, agree to make concessions in some matters, and offer concrete help. I believe that we will be able to find the ground for mutually beneficial business contracts.

Of course, for now it is very complicated for small enterprises to enter the foreign market with their products. However, who if not SNIO echelons—these thousands of engineering collectives working under new conditions and hundreds of scientific and technical cooperatives and cost-accounting scientific and technical centers, whose developments at times are very tempting for foreign businessmen—should dare? With the funds obtained in the course of transactions help in the purchase of valuable technological equipment will be given to enterprises. We will also help them in the study of the potential market, search for clients, and organization of marketing and advertisement. The unique professional and social structure of the SNIO, which includes 30 sectorial unions and 20 intersectorial committees on basic problems of scientific and technical progress, will be our support.

[Correspondent] Judging from the most modest estimates, the committee will have no less than 80,000 wards. Will all of them get sufficient attention? Will the committee not turn into an awkward department, which will be easily "bypassed" by cooperatives and, especially, joint enterprises, which also offer similar middleman services on the foreign market?

[Piskulov] I believe that healthy competition will only enrich the practice of foreign economic relations. Besides, we have a significant advantage: We offer a "package" of needed services at preferential rates. The fund of the joint-stock society, which we plan to establish under the committee, will help us to give privileges. The committee itself, of course, the SNIO, interested ministries and departments, associations of scientific and technical cooperatives, cost-accounting scientific and technical centers, associations of small enterprises, individual enterprises, and foreign investors will be shareholders.

Not so long ago one West-European fund offered us 50 million dollars. I believe that this is only the beginning.

In order to carry out its strategy with respect to small and medium-size enterprises, right now the committee is developing an extensive program far exceeding the framework of consulting and middleman activity. It is important for us to help small enterprises to rid themselves of the inferiority complex, which they have accumulated over the years, and to realize that they are a full-fledged economic unit, their position and reputation being determined not by size, but by efficiency, energy, and enterprise. At the first stage we offer small enterprises a "package" of initial knowledge on how to conclude a contract, how accounts are settled on the international market, what internal documents regulate foreign economic activity, where to search for information on a potential partner, and so forth.

In the very near future we intend to develop an integrated system for teaching managers of small enterprises the principles of conducting foreign economic activity with due regard for their specific features and those of foreign partners.

Right now we are ready to invite here, to Moscow, representatives of enterprises, which have specific research ideas, but do not know how to realize them in practice—incidentally, this is a typical situation—and here in the presence of a scientific specialist and a specialist in the field of foreign economic relations we will help them in the business game to find ways to reach the foreign partner. In the future we would like to expand our opportunities and to establish a base for the realization of talented engineering ideas, which for some reasons cannot be realized under local conditions.

The committee intends to construct its middleman activity so that it helps not only a domestic enterprise to find a foreign partner, but also Western firms to orient themselves in our domestic market. In Moscow the committee plans to build a center for modern technologies, where foreign firms, engineering-consulting organizations, and joint enterprises could have their representatives. Services in matters concerning the interaction of small enterprises will become mutual and the time for searching for partners and coordinating and adjusting details will be shortened to a minimum.

It is well known that Western "small business," not having sufficient experience and funds for a direct access to the foreign partner, more and more often unites into "trade centers" and "technological villages." The presence of representatives of such associations in our country, in the center for modern technologies, would make contacts even more efficient.

[Correspondent] What are the specific matters on the committee's next agenda?

[Piskulov] For greater efficiency and a better organization of all its work the committee plans to establish regional departments, for example, in the Baltic region and the Far East, which will have the same joint-stock forms as the center for modern technologies. Incidentally, life outstrips us in this matter. The DALSO Joint-Stock Society, which specializes in middleman services for small and medium-size enterprises, was registered in the Far East in August 1988. I believe that in time there will be strong business cooperation between DALSO and our regional department.

But for now organizational work remains the chief thing. Taking advantage of this opportunity, I would like to directly address readers of *EKONOMICHESKAYA GAZETA*, managers, engineers, technicians, economists, and all those employed at our small enterprises: We have established an organization for you! We are waiting for suggestions, remarks, and clarifications at the following address: 119034, Moscow, Kursovoy per., 17, Committee on Problems of International Cooperation Among Small and Medium-Size Enterprises, tel. 927-33-33, telex 411055 SNIO.

#### Footnotes

On problems of small and medium-size enterprises *EKONOMICHESKAYA GAZETA* published the articles "Big and Small Business: Gravitational Forces" (No 33 of 1988), "Small But Daring" (No 46 of 1988), and so forth.

**Report on Azerbaijan Conference on Foreign Trade**  
*18250134 Baku BAKINSKIY RABOCHIY in Russian*  
22 Feb 89 p 2

[Azerinform report: "Business Ties Are Developing"]

[Text] In what direction should we develop foreign economic ties, which are a component part of the extensive work on restructuring the entire system of planning and managing the economy? What first-priority tasks must the republic's labor collectives resolve in order to improve the technical level of their own production and to successfully compete on the foreign market?

The answers to these and other as yet difficult questions which are associated with the development and improvement of foreign economic activity and active inclusion in the sphere of international cooperation were sought jointly by the participants of a seminar-conference—the heads of leading Baku industrial enterprises, building organizations, scientific and financial institutions, planning organs, and republic ministries and departments. It was held in the conference hall of the "Bakkonditsioner" Association.

The republic's labor collectives have taken only the first steps in venturing out onto the foreign market, said Azerbaijan CP Central Committee Secretary G. A. Gasanov, calling the meeting to order. Yet it is specifically they which have laid the foundation for active



cooperation in the sphere of production and scientific-technical cooperation, the establishment of direct ties with foreign organizations, the creation of joint enterprises, and other integratal forms of operation. Thanks to this, today already over 100 Azerbaijan enterprises supply their products to 96 world countries, including such highly developed countries as England, France, the FRG, Austria, and a number of others. The enterprises of Gosagroprom [state agroindustrial complex], the Ministries of Light Industry, Nonferrous Metallurgy, Petroleum Machine Building and Chemical Industries, and the consumer cooperatives have significantly increased their shipments abroad. On the whole, during the past year the export of goods, according to the republic Gosplan [State Planning Committee], has increased by hundreds of millions of rubles. Moreover, a large volume of industrial production is sold abroad along the line of the union ministries and departments. Now it is important not only to strengthen that which has been achieved, but to do everything possible to strengthen even more the business contacts with foreign partners and to ensure their broad development.

"Great capacities in this direction," said republic Gosnab [State Committee for Material and Technical Supply] Deputy Chairman A. Azizbekov, continuing the discussion, "have been defined by the latest resolution of the USSR Council of Ministers. As of 1 April of this year, this resolution provides for expansion of the rights of enterprises and associations in foreign economic activity. Specifically, we are planning to create a joint enterprise under Gosnab for the rental of earth-digging equipment, building mechanisms, and electronic technology with the participation of capital from Hungarian and Austrian firms. Such a form of cooperation guarantees each of the partners quick recoverability of their monetary resources."

A rational and profitable step, believes Z. Gadzhiyev, governing board chairman of the DEKA-bank, a cooperative bank operating under Gosnab, is the investment of capital into the development of foreign tourism, into the organization of a company for serving foreign guests in Baku, and into charter airline flights which will tie the capital of Azerbaijan with Vienna and Budapest. In combination with other forms of cooperation such as barter deals, auctions, and intermediary services, this will ensure the stable influx of currency into our account, and consequently also into the republic's banks. The proposal was upheld by the representatives of the ASPS [Azerbaijan Council of Trade Unions] and the republic Council on Tourism and Excursions, who are shareholders in the cooperative bank.

The director of the Azerbaijan Scientific-Research Institute for Scientific-Technical Information, D. Mekhtiyev, continued the discussion. Analyzing the status and significance of technical retooling of the operating productions, he focused the attention of those present on questions of supplying the enterprises with current technological equipment. Here, in his opinion, much

depends on the ingenuity of the managers and their economic thinking. For those who hold dear the interests of their enterprise, D. Mekhtiyev suggested that they turn to leasing, the most acceptable form of international trade cooperation in such cases. Its application guarantees not only the rental and lease of equipment, but also provides for financing of this profitable export-import operation. The presentation also raised the question of organizing a marketing service at the republic's enterprises and associations. The basic purpose of this service would be to study the market, its demands on producers, and the output of products corresponding to the demand.

The director of the Baku branch of "VNIIElektromash", F. Aga-zade, devoted his presentation to the development of direct ties with foreign partners. Thanks to this, the collective which he heads up has earned considerable currency funds. An additional possibility has emerged for financing future operations, and for creating the latest equipment in the field of electrotechnology. The business contacts of the Baku specialists will be continued. The branch management has reached preliminary agreement with one of the Hungarian firms for the development of electronic devices for quality control of steel used for the manufacture of household appliances at Baku air conditioner and refrigerator plants. Such an intermediary legation of scientists will be financed by the Hungarian manufacturers of the installations—by currency for development, as well as by Baku electrotechnical developers—in accordance with the contract prices in rubles, for prompt fulfillment of the order.

In connection with this, questions of material incentives for the development of foreign economic ties were raised at the seminar. It was stressed that according to the existing position, the amount of the labor wage may be set depending on the sale of the production on the foreign market and in the course of accumulation of currency funds. E. Rasulov, director of the "Metallokultbyt" association told the conference participants about this. Thanks to cooperation with the Hungarian "Politoys" cooperative, this association earned considerable funds during the past year.

In order to replenish these funds in the account of each enterprise, Sh. Aleskerov, deputy general director of the "Azerbintorg" association, believes it is necessary to seriously engage in product advertisement. He is convinced that without this advertisement we cannot count on our products to sell. The speaker also told about the aid which the republic's Ministry of Light Industry gave to the "Kaspmorneftegaz" association in establishing contacts with foreign companies for organizing footwear production in Baku, and for breeding trout and salmon in the Caspian. There are many more such examples.

In the opinion of G. Agayev, first deputy chairman of the governing board of the Azerbaijan republic Bank under the USSR Gosbank, we should seriously undertake the training of cadres for foreign economic activity, utilizing



the capacities of the higher trade school and the All-Union Academy of Foreign Trade. The preparation of specialists of this description may be fully realized at the Azerbaijan Institute for Management of the National Economy under the republic's Council of Ministers and in the lecture halls of the Baku branch of Leningrad Finance-Economics Institute imeni N. A. Voznesenskiy. This could be accomplished with involvement of specialists in advertising, marketing, and concluding commercial deals who would come from other cities of the country and from abroad. All of us who expect to achieve success must master a simple truth: there is no shame in learning, the shame is in not knowing...

The discussion was continued by an exchange of opinions and comments from the audience. Participating in it were representatives from the "Azneftemash" and "Bak-konditioner" associations, a number of Baku cooperatives, and republic scientific organizations and institutions. The free-standing microphones placed in the hall facilitated this discussion.

The head of the socio-economic department of the Azerbaijan CP Central Committee, Z. A. Samed-zade, also participated in the work of the seminar.

**Interview With Ukrainian Bank Board Chairman**  
*18250135 Kiev PRAVDA UKRAINY in Russian*  
*25 Feb 89 p 3*

[Interview with bank board chairman V. P. Terpilo conducted by PRAVDA UKRAINY correspondent Yu. Ovsyannikov: "What the Bank Can Do"]

[Text] Kiev, Kreshchatik, 8. This is the address of the Ukrainian Republic Bank, which is a structural subdivision of the USSR Bank for Foreign Economic Activity.

The massive doors open—and we get a little better view of this institution and its everyday activities... The bank governing board chairman, V. P. Terpilo, answers the questions of our PRAVDA UKRAINY correspondent.

[Correspondent] Under the conditions of perestroika, there is clearly a new approach to foreign economic ties, which is called upon to notably increase their effectiveness. What is the role of the bank which you represent in this matter?

[Terpilo] The main functions of the Ukrbank [Ukrainian Republic Bank] under the present conditions consist of providing integrated credit-currency services to the participants in the republic's expanding foreign economic activity.

The scope of the foreign economic operations is receiving new impetus. Let us remember the resolution of the USSR Council of Ministers dated 2 December 1988. It removed the regimentations which had been present. Effective 1 April of this year, the right of direct implementation of import-export operations is granted to all

enterprises, associations, production cooperatives and other organizations whose products (operations, services) may be in demand on the world market, i.e. are sufficiently able to compete on the market.

Well, and what can motivate enterprises to more actively "assimilate" the foreign market? Among the primary stimuli is the granting of credits in foreign currency. Utilizing them, the borrowers may buy the necessary equipment and technology abroad.

[Correspondent] As yet we have touched upon only one direction in the current activity of the bank—currency crediting...

[Terpilo] But, please understand, it is a very important one! Currency crediting, of course, was implemented in one form or another also in previous years. However, it is specifically under conditions of the introduction of cost accounting that all forms of crediting attain a new, truly working importance, including also crediting in foreign currency.

Let us turn to the facts. In 1988 the Ukrbank institutions issued credits in the sum of around 4 billion rubles, which was 20 percent higher than the previous year. At the same time, the remainder of the indebtedness on loans was reduced to one-third of its previous amount on 1 January of the current year. This testifies to the fact that within the volume of our institution's credit investments, the turnover of each ruble was accelerated and the effectiveness of "work" of each monetary unit became higher.

[Correspondent] Nevertheless, Valentin Pavlovich, the opinion prevails that the bank, supposedly, lives off the volume of issued loans. The end results of the economic management somehow do not concern our bankers too much?

[Terpilo] The volume of loans and credits and the number of clients which we attract, undoubtedly, are important for any bank, and for ours as well. This, if you like, is an indicator of its "soundness". However, the notion that we supposedly have little concern for the results of the economic management is basically incorrect. The bank has a direct interest in the effective application of the credits which it issues—be they in foreign currency or "simply" rubles. After all, the timely repayment of bank loans and the payment of interest on them depends on the economic-financial stability of the borrower. Consequently, so does the well-being of the bank itself.

To enterprises which operate well we can issue credits under favorable conditions and reduce interest rates, thereby participating in the achievement of the ultimate economic effect and facilitating it.

[Correspondent] Your bank gives currency credit to a client under the guarantee of his ministry. What is the sense in this?

[Terpilo] Actually, in order to receive currency credit, as a rule, you must have the guarantee of a superior organization which has currency resources. Such guarantees are common in international credit relations. This is a sort of guarantee of the issued loan. After all, world market conditions fluctuate. A certain commodity may "not catch on". Therefore, the guarantee serves as an instrument to reduce the risk and secure the interests of the bank and the state.

[Correspondent] Lenin wrote that any monopoly, and not just a capitalist one, leads to stagnation... Today we often speak of the "dictate of the producer". But how about the "dictate of the banks?" In my opinion, those who want to obtain credit do not have much choice, since we do not have any competitor banks.

[Terpilo] One monopoly is not like another. The decree on monopoly in foreign trade signed by Vladimir Ilyich back in 1918 is a key instrument even today. Its purpose is to safeguard the economy of the Soviet country against the elemental fluctuations of the world market, and to retain the basic levers of control of foreign economic activity in the hands of the state.

It is another matter that under the command-administrative system of management, with its excessive centralization, this principle was raised to the absolute, and shackled the hands and feet of socialist enterprise. After all, it was the case that only "elite" organizations were allowed onto the foreign market. Today the initial Leninist essence is returning to the monopoly of foreign economic activity and its component part—the currency monopoly. A network of competitive foreign economic, foreign trade and credit-finance institutions is being created within the framework of the unified state system. Those are the realities.

In the course of restructuring the economic management mechanism, a reform has been implemented as a result of which specialized banks have appeared in the USSR. Their activity is inherent to competition. Thus, the client now has the right to choose. Moreover, there is a growing number of commercial, cooperative and other banks which in the near future, perhaps, will be able to compete with us.

[Correspondent] Tell us about your institution's clientele.

[Terpilo] Well, if we list them "by name", then it would take quite a bit of time. As an orientation for PRAVDA UKRAINY readers, I will say that the Ukrbank institutions serve, for example, large subdivisions of union foreign trade organizations in Odessa, Izmail, Uzhgorod and Lvov, and the republic foreign trade association "Ukrimpex" in Kiev. Within our "sphere" are many joint enterprises and international associations.

We ascribe the continued expansion of our circle of clients to the granting of the right of direct entry onto the foreign market to enterprises. During the years 1987-1988 a number of foreign trade companies (FTC) were formed at the enterprises. In Kiev alone, the FTC "Kreks" under the production association "Krasnyy ekskavator" [red excavator], the FTC "Poroshkovaya metallurgiya" [powder metallurgy] of the Electric Arc Welding Institute imeni Ye. O. Paton, and the FTC of the "Electronmash" production association became our clients.

It is fitting to note here that the bank does not limit its functions to accounting and crediting. It may also select a suitable foreign partner for a client, suggest the most profitable form of accounting for export and import, and provide other services.

I would not say that we have exhausted our "potential" in all this. Therefore, we are trying, as they say, not to sit in one place.

We are expanding contacts also with foreign banks. Let us say, for joint financing of certain projects. For example, we are developing business ties with the "Donau Bank" (Austria).

We have ongoing interaction with the International Bank for Economic Cooperation, in which the CEMA states are participants.

In light of the developing contacts with various foreign companies, I will also mention the exhibit-seminar which is planned for April in Kiev. Among its organizers is our bank and one of the leading concerns in South Korea. Within the framework of this measure, we will be able to hold talks on the possibility of supplying to the USSR such goods as electronics, clothing and footwear, as well as on the importing a number of industrial and raw-material goods from the USSR.

[Correspondent] You mentioned the financial-economic substantiation of the projects... Were you referring to joint enterprises?

[Terpilo] Not only that. The entry of an ever growing number of production collectives in the, so to speak, "open space" of the market must on the whole be substantiated by better preparation for this. After all, today matters are often complicated due to gaps in the understanding by the Soviet partners of market conditions, prices, and demands of foreign buyers, i.e., an understanding of all that which we call marketing.

[Correspondent] In your opinion, what should journalists focus attention on in this connection?

[Terpilo] First of all—the fact that many ministries, enterprises and organizations still underestimate the role of currency credits in the development of their export capacities. Yet credit makes it possible to effectively solve many problems. Also, this credit is not necessarily

spent on the purchase of a plant or a large technological line. In many cases it is enough to purchase a single machine tool or a set of inexpensive equipment which can remedy the bottlenecks in production and yield a quick socio-economic effect.

And furthermore, the above-mentioned Council of Ministers resolution provides for an innovation: to repay credits in the sum of up to 5 million rubles at the expense of using all the currency realized from the export of goods, operations and services produced as a result of implementation of the credited measures. This significantly increases the potential capacities of the borrower and reduces the risk of late repayment.

I would also like to point out that, in connection with the process of decentralization of the foreign economic activity, many republic enterprises have transferred their currency accounts from Moscow to the Ukraine. This has brought them into maximal proximity with the bank which serves them, which facilitates timely accounting and accelerates the receipt of currency credits. However, many republic enterprises still have accounts at the USSR Foreign Economic Bank in Moscow. This, obviously, is their right. However, it also creates certain inconveniences. I believe it would be expedient to accelerate the transfer of these accounts to one of the Ukrbank institutions.

And, of course, the training of cadres remains a burning question. There is an acute shortage of specialists in international price formation, marketing, and leasing (leasing—financial operations on supplying movable and real property for use for a specified prolonged period of time). The measures undertaken often bear an uncoordinated character and generally the management workers of ministries, departments, oblispolkoms, and large enterprises are involved in them.

[Correspondent] Which variant for solving the problem do you propose?

[Terpilo] It is necessary also to educate the direct executors. For the time being, the line toward creating business schools, commercial courses for manager training, etc. has been designated. Yet, alas, this cannot always provide the proper preparation. Also, the efforts of the few truly qualified specialists are being dispersed.

In my opinion, it would be expedient to concentrate the most knowledgeable workers in the sphere of foreign economic activity at a single republic center, where they would hold instruction at 2-3 week courses. It seems to me that the seminar on leasing held on 23-24 February in Kiev was useful in this regard. Its organizers were the Ukrbank, in conjunction with the republic Interdepartmental Institute for Advanced Training of Management Workers under the UkSSR Council of Ministers, and also with the involvement of specialists from "Donau Bank" and the Austrian finance company "AVA-bank".

[Correspondent] As they say, you cannot take the words out of the song. Therefore, I will ask you, Valentin Pavlovich, to address one more current problem from the sphere of everyday work of your institution. The waiting lines for currency-bank services to Soviet citizens travelling abroad—on tourist trips and to visit relatives—evoke complaints.

[Terpilo] Simplification in the order of travelling abroad and the possibility of taking numerous trips in the course of the year have become factors leading to a sharp increase in the number of citizens travelling abroad. Our bank institutions (and, aside from Kiev they exist also in Odessa, Lvov, Uzhgorod, Izmail, and Yalta) served 1,053,000 Soviet and foreign citizens in 1988. This is 2.4 times more than in 1987.

The influx of visitors, of course, does not free us from the responsibility for providing them timely and convenient service. However, not everything depends on us. After all it is a fact that all too often operations on currency exchange must be conducted in buildings which are not adapted for a large flow of visitors.

Moreover, certain specialized banks (they are empowered to perform currency exchange operations in the republic oblasts where there are no institutions of the USSR Foreign Economic Bank) do not provide prompt service to the citizens. Thus, many are forced to come to Kiev to exchange their currency.

One question which has come to a head is that of the oblispolkom's allocating the necessary facilities for use by the local institutions. I believe these and other measures will make it possible to reduce the tension and improve the quality of service to the citizens.

[Correspondent] Often we may read about the "prestigiousness" of one profession or another. What is your opinion on the prestige of our bankers? Is the profession of the Soviet bank worker becoming more popular now?

[Terpilo] Let us look at this question together. The times of the command-administrative methods in economics could not help but affect the prestige of the banking business and its workers. During the years of stagnation, bank credits were often used in an extremely irrational manner. In many cases they were directed by the volitional principle and covered up the economic and financial mistakes of the enterprises and serious miscalculations by the general economic management.

Today the situation is changing. From an organ which performs primarily administrative and control functions, the bank is turning into a partner of the enterprises, aiding in their stable and effective operation. Thus, there is an incentive "to be a banker". Don't you agree?

Initiative and enterprise, erudition, a creative approach and non-standard economic thought, as well as the ability to take risks—these are the requirements which life itself presents to our workers during the revolutionary time of perestroika.

**Prospects, Problems in Developing Vladivostok as Trade Center**

18250138 Moscow IZVESTIYA in Russian 11 Apr 89  
Morning Edition p 5

[Article by G. Alimov and A. Orlov, IZVESTIYA special correspondents: "Will Mercury Sign in Vladivostok?"]

[Text] The Soviet Maritime region is gripped with great anticipation. Everything has gone into motion here. The kray is full of enthusiasm to include itself in the international division of labor and to play an active role in world business. Vladivostok, it seems, has the most serious intentions of becoming one of the business centers in the Asian-Pacific Ocean region. The Maritime region is attracting ever greater attention of foreign entrepreneurs. Their visits here are becoming a daily occurrence. Recently one other representative delegation visited Vladivostok. This was from the Yusko Investment Enterprise and Korea Von Tyang Fisheries.

The negotiations which were held here show that the potential capacities for cooperation are very great. Interest in joint business in the kray is already turning into specific contracts. Vladivostok is opening its gates ever more broadly to the god of trade—Mercury.

Yet these are only the first steps. One very promising means for more rapidly attracting the latest technologies and foreign investments could be the creation of joint enterprises for the production of goods on the territory of the Far East, with their subsequent sale on the world market. As yet, unfortunately, such a form of business ties is developing here only on paper. For the present day, only one joint company has been created in the kray—with the conditional name of "Dalso-Pacific". This Soviet-Singapore firm will engage in the joint processing and sale of lumber, fish and furs.

A lack of decisiveness may be noted in all these steps.

Dr. Beng, an American businessman from San Francisco, gave his explanation of the reasons for such low rates of development of foreign economic ties in the Primorye region during a visit to Vladivostok with other entrepreneurs.

"There are many obstacles," he said. "In order to get to Vladivostok, the poor businessmen have to journey practically around the world after flying into Moscow. For example, a trip from Tokyo to Vladivostok, instead of taking an hour, takes almost 2 days, provided one can get airline tickets. The city still remains practically closed to foreigners, and special permission is required for each visit. However, we must look to the future,

which in many countries is already becoming the present day. I am referring to the need for an international airport in the Far East, its own communications office equipped with a telex and fax machine, a car and translators.

The next problem, in the opinion of Dr. Beng, is directly tied with the preceding ones. The closed nature not only of the kray, but also of the country as a whole has deprived both the outside world and the Soviet people of information.

"Today, according to my observations," he said, "Soviet enterprises do not have a clear understanding of how to act on the world market, of what their neighbors offer for export, and what the commercial possibilities and prevailing prices are. In the USSR many already recognize the seriousness of this problem. The creation of the Association for Business Cooperation with the countries of the region represents an effort to solve this problem. Your unique habit of coordinating everything with Moscow is absurd. To me it is obvious that without granting the Maritime region greater independence, there can simply be no serious discussion of developing any foreign economic ties."

In this case, Dr. Beng expresses not only his own point of view. He is associated with numerous entrepreneurs who are interested in conducting joint business with our country. Despite the difficulties listed above, the American businessman did not leave the Far East empty-handed. "Sovinterinvest"—a joint enterprise, one of whose founders is Dr. Beng, signed a large contract worth tens of millions of rubles with its South Korean partners.

Yet once again these are singular contracts which as yet do not yield great benefit. Obstacles to the expansion of cooperation still remain. These obstacles are both large and small.

It was really embarrassing to hear from Dr. Beng about such difficulties as "getting" airplane tickets, and about the impossibility of getting to Vladivostok without special permission. All this in no way facilitates business and mutual understanding. This cannot evoke anything but caution. Nevertheless, the emerging obstacles, as they explained to us, are objective. It is generally believed that the development of foreign economic ties is opposed by... the military. The presence of the Pacific Ocean Fleet's base in Vladivostok is a stumbling block. However, Admiral G. Khvatov who commands this fleet put everything in its place in an interview on local television. "We favor opening of cities," he announced. "This will not cause any harm to the combat readiness of the fleet".

I. Sukhachev, an official of the Ministry of Foreign Economic Ties on the Far East, told us during our meeting:

"The Far East today is in great need of specialists and real Soviet businessmen who possess a state approach. We cannot rush headlong onto the world market, as some are doing. As a result, we have already become witness to trade operations which are unique to the current world: "KamAZes" versus copying machines. One for one! Or here is another example: An enterprise imports a batch of wallpaper, and 2 weeks later its colleagues from the same city buy it from the same foreign company for almost twice the price."

"Decentralization of foreign economic ties has brought to life entirely new problems," continued I. Sukhachev. "The role of the Ministry of Foreign Economic Ties must also change accordingly. Beginning 1 April, we have been charged with protecting state interests in foreign trade, for which the MVES [Ministry of Foreign Economic Ties] will issue licenses and introduce quantitative limitations if necessary".

We will express our own misgivings: The system of issuing export licenses must not turn into a new "straight-jacket" for potential exporters. It is not clear who will issue them and how. If it is only the official apparatus, then in about 3 months it will have a tremendous backlog of applications waiting to be processed. If it will be specially created ispolkom departments, then again we return to the question of competency of the cadres, which in many cases is not much higher than that of the exporters. Evidently, an absolutely new system of information and foreign trade statistics will be needed, which would make it possible to put a stop only to those dealings which are harmful to the interests of the state, at the same time not hinder the initiative of the new Soviet entrepreneurs.

Whatever difficulties may arise for business in the Maritime region, the flood gates are being opened up ever more widely. Certain barriers have already been torn down. Direct ties of the Maritime region with its neighbors, especially with the Chinese provinces, are now being actively developed. The relations are open as never before. Starting this year, industrial enterprises in Vladivostok may hire a Chinese work force for building housing and production facilities. For example, the "Dalmorprodukt" association has come to an agreement with the Chinese on the construction of several residential houses, including multi-story apartment buildings. Brick and other necessary materials will come from China. "Primorkrystroy" has placed an order with our Chinese comrades to build two brick plants.

The kray agroprom [agroindustrial complex] intends to continue last year's the experience in hiring a Chinese work force for growing vegetables. In 1988, several tens of Chinese were allocated 60 hectares of land in Pogranichniy rayon. The form of accounting was as follows: 50 percent

of the products went to the Soviet side, and 40 percent to the Chinese. Yet the renters from the neighbor country submitted these 40 percent at purchase prices, and for the money obtained they purchased the cultural-domestic goods which they needed. In all likelihood, several rayons of the kray will enter into direct ties this year.

In order for direct contacts with our neighbors to become a reality, it was necessary first of all to overcome purely psychological problems.

The ties with China, judging by everything, will be expanded even more. We have something to learn from them. In the Maritime region they understand that their close neighbor has already been engaging for many years in that which they plan to do and has accumulated considerable experience in it. Let us take these same free economic zones. In the Maritime region they have yet to be created.

The exhibition of Chinese goods held last year in Vladivostok served as visual agitation in favor of creating such zones. It made a greater impression on the Far East residents than a similar Japanese exhibit. There is no paradox here. While we have already grown accustomed to the leadership of Japanese technical thought, the demonstration of current electronic technology and highly competitive goods of our neighbor, whom many had treated with disdain, had the effect of an exploded bombshell.

In the Maritime region they quite justifiably associate great expectations with the business activity which has begun here. The exceptionally favorable economic-geographical position of the kray today opens up great possibilities for cooperation. There is everything present for this. However, they understand here that enthusiasm alone is not enough. Therefore, the question of building a Center for International Trade in Vladivostok has already been resolved. Dealerships of foreign companies will be opened. The question of opening a branch of Vneshekonombank here is also being discussed.

Proposals are being presented to create a network of commercial and cooperative banks and to organize a department of foreign economic ties and currency provision within the Gosbank kray administration. No less attractive are the proposals to create a Maritime-Asian bank for reconstruction and development with the participation of foreign banks, primarily for serving joint enterprises in free economic zones, and to open trade houses and markets there.

These are the plans. Are they fated to come true, and is an economic miracle possible in the Far East? People often ask about this. If we undertake this matter seriously, then the answer is yes, of course. But miracles do not happen by themselves. That only happens in fairy tales.



**Safety Problems in U.S. Nuclear Facilities Noted**  
*18070596 Moscow SOVETSKAYA ROSSIYA in Russian*  
15 Mar 89 p 5

[Article by A. Krolikov: "Death Mile/ Nuclear Objects Threaten the Health of Americans"]

[Text] "We are destroying our people in the name of national security"—this remark by American senator John Glenn clearly characterizes the situation that has developed in nuclear and electric power plants in the U.S.A. Dangerous incidents in facilities, related to nuclear production, occur almost weekly. Moreover, the residents do not know about most of them and if they do learn about them it is many years later.

Only a wave of public indignation has forced authorities to examine the reasons for the growing incidence of cancer in the area around one of the oldest U.S. nuclear plants in Hanford (state of Washington), built during World War II. After all, the signs of radioactive exposure appeared there as long ago as the 1940's. The sharp increase in oncological cases and genetic problems in children leaves no doubt that the directors of this facility knowingly accepted the violation of the technological process. The results of a government study, according to which during the period 1955-1957 a quantity of radioactive iodine equivalent to 530,000 curies was released into the atmosphere, were published quite recently. For the sake of comparison, during the greatest accident in a nuclear plant in the U.S. at Three Mile Island (state of Pennsylvania) in 1979 pollution equalled only 15 curies. Of the 108 residents of "death mile"—this is what the area around the plant is now called—24 developed cancer.

The move to Fernald (state of Ohio), the location of another American nuclear power plant, turned out to be a fateful one for Ed and Eileen Cook. Life here became a real nightmare for them. Accidents happened at the plant so often that the directors of the enterprise decided to initiate a sound alarm to let residents know about the coming threat. When neighbors told the Cooks that cancer probably awaited them the Cooks at first did not take this seriously. Disease came unexpectedly. They felt the first symptoms in the spring of 1987. The diagnosis by doctors left no doubt—cancer. Since that time the Cooks have lost 20 kilograms each. Ed Cook withstood an operation with difficulty. Each day he survives now is a real victory. "When I hear the wail of the sirens I want to close the windows and run," says his wife.

The Fernald nightmare is only one of the examples of the many problems facing the American nuclear industry. No one denies any longer the fact that nuclear pollution exists in the United States. A published speech by the U.S. energy secretary openly admits that leakage of radioactive and toxic chemical substances from plants that produce nuclear arms are a serious threat to people and to the environment. This document for the first time officially reports on 155 cases of similar leaks at 16 military installations and plant laboratories. These

include the sadly well-known complexes of Savannah River (state of South Carolina) and Rocky Flats (state of Colorado) where dangerous incidents are numerous.

According to data from a number of public organizations, including the Union of Concerned Scientists, even the elementary rules of safety are not followed at many nuclear power facilities, and extremely worn-out equipment is utilized. Some of the reactors, many of which have already been in operation for 30 years, are obsolete both physically and ethically. This is especially dangerous if we consider that some of them are operating in seismographically active regions of the country. American scientists feel that there is a 45 percent likelihood of a large catastrophe with mass leakage of radiation into the atmosphere.

The most urgent measures related to the modernization of nuclear objects and to the cleaning of areas polluted by them will require about 50 billion dollars. This assessment is contained in the report prepared by the specialists of the energy department. This figure exceeds the cost of building the American space shuttle that can be used many times over.

Calculations for the long-term future show that in the course of the coming four decades the localization of radioactive wastes will cost 250 billion dollars. This was the cost of the entire nuclear industry complex, beginning with the Manhattan Project, the implementation of which resulted in the development of the first atomic bomb. The basic principles of this project, maximum production growth and maximum secrecy, dominated U.S. nuclear policy during the period of the "cold war" and continue to determine this policy. Of course the danger of an accident at a nuclear facility was not forgotten, but it was felt that this was secondary to national security.

As a result, as the newspaper THE WASHINGTON POST noted, enterprises that produced nuclear weapons became "active museums that showed what not to do with regard to the environment." On the territory of the nuclear facility in Hanford there are about 1,000 wells, bunkers and shafts with radioactive and toxic materials. A no less dangerous "nuclear museum" has been created in the area of the nuclear facility that produces tritium and plutonium in Savannah River, where there are 70 nuclear waste dumps. During a partial examination of these dumps it was discovered that radioactive substances have already begun to penetrate into the ground water. The presence of toxic materials was recorded in a large underground lake which is a source of drinking water for the Southern states.

Since the beginning of the implementation of the American nuclear program nuclear facilities have produced hundreds of thousands of cubic meters of highly radioactive waste. It is difficult to find a place to store it within the United States itself—this attempt is being hindered by public protests and by numerous legal cases

by victims of criminal negligence. Thus the directors of nuclear facilities are trying to dump radioactive containers in the ocean, are trying to send waste to Africa for more than moderate payment or, as before, continue to store it on American soil as quietly as possible.

It is no accident that American doctors from the public organization, "Physicians for Social Responsibility," having analyzed in detail the increase in the number of cancer cases in the southwestern region of the U.S.A. where the largest concentration of nuclear facilities

exists, are calling the existing situation "urgent." "If a foreign country consciously or intentionally dumped hundreds of tons of radioactive uranium dust into the atmosphere then we would doubtless call this an act of chemical and radioactive warfare," says the statement prepared by the director of this organization. "It is difficult to understand why an American government department tolerates this with regard to American citizens. The concept 'national security' includes the health of the people. It would be absurd to think that we must subject our own citizens to the risk of being poisoned in the name of protecting them."

**Belgian Socialist Party Chiefs Interviewed**  
*18070153b Moscow RABOCHIY KLAS I SOVREMEN-  
NY Y MIR in Russian*  
*No 6, Nov-Dec 88 (signed to press 24 Nov 88) pp 94-103*

[Interview with Belgian Socialist Party leaders Spitaels and van Miert: "Perestroyka: Impetus for the Future"]

[Text]

*At the request of the RABOCHIY KLAS I SOVREMEN-  
NY Y MIR editorial office G. Spitaels, president of the  
Belgian Socialist Party (francophone), and K. van Miert,  
president of the Belgian Socialist Party (Flemish), gave an  
interview in the summer of 1988 to Doctor of Historical  
Sciences M.A. Neymark, head of the Department for  
Study of International Social Democracy of the USSR  
Academy of Sciences International Workers Movement  
Institute. This interview contains much that is contentious  
and debatable, nonetheless, we consider it useful to famil-  
iarize the Soviet reader with the opinions and assessments  
of the trends and prospects of world development  
expressed therein.*

Question. A most important feature of the new political thinking is recognition of the need to be understood. How do you evaluate the present stage of the perestroyka under way in our country? What that is new, from your viewpoint, is it introducing to the development of current social and political processes?

G. Spitaels: Of course, only the Soviet people themselves have the right to evaluate the reforms being implemented in the USSR and to determine their fate. However, it will not be hard for the journal's readers to understand that your West European neighbors cannot remain indifferent to what is happening in such a country as yours. I see no need to elucidate the deep-lying motives guiding Mr Gorbachev and the supporters of perestroyka for it is obvious to us that the changes which are taking place are the result of an objective analysis of economic and social realities in the USSR and the difficulties they are creating for the Soviet people.

The proceedings of the 19th All-Union CPSU Conference persuaded us even more that the present party leadership has not abandoned the basic principles of Marxism-Leninism in order subsequently to gradually switch to the positions of social democracy or take the path of pluralist Western democracies. It has become perfectly obvious that, following decades of stagnation in your country, everything is on the move, and, after all, it is this which is ultimately what is most important.

The whole number of new proposals of M.S. Gorbachev catching Western representatives off guard are in foreign policy, from the viewpoint of the prospects of the development of international relations, a factor of paramount importance. Such promising actions as the INF Treaty and the decision to withdraw Soviet forces from Afghanistan are not leaving the West's public opinion indifferent.

This is being viewed variously. The first type of reaction—characteristic of conservatives and "hawks," is skepticism, mistrust and plain hostility even. This particularly negative reaction is interesting in that Western conservatives are becoming allies of Soviet conservatives....

The second type—the direct opposite—is expressed in the unconditional assertion that everything that is happening today in the USSR marks a fundamental change toward the full democratization of the country—and this is a good thing.

I personally believe—and all European socialist leaders whom I have met in recent months share this opinion—that it is necessary to adhere here to an open and constructive, but cautious and realistic approach. We need to emphatically renounce not only the approach of the conservatives but also naivete. The West, which is interested in peace, could only benefit were the Soviet Union to channel its resources into the realization of internal reforms, and tension would diminish thanks to the achievement of a new balance.

K. van Miert. The terms "perestroyka" and "glasnost" have undoubtedly become general property here in Belgium also.

I can say with confidence that the appreciable change in course which has occurred in the Kremlin and in other leading authorities of the Soviet Union in the past 3 years has been perceived positively in broad circles of the West European population.

The shift of accent in policy and the changes expressed by the "perestroyka" and "glasnost" concepts are in keeping with the well-known criticism of the Soviet Union's domestic and foreign policy which had been expressed repeatedly by social democrats and progressives in the past, prior to the new party leader's assumption of office. Most important components of this criticism were the lack of openness, the absence of real debate and the emphasis on a buildup of military power, which determined foreign policy, the lack of capacity for adapting to the new situation, the inferior nature of democracy and the domination of the bureaucracy. To the extent that account is being taken of this criticism at the present time, Soviet policy is being perceived by us social democrats or socialists very sympathetically.

In addition, I believe that this political change—however belatedly it has begun—is evidence of wisdom. First, the great powers have to assume special international responsibility for the future development of events in the world. A capacity for responsible decision-making is a most essential feature for a head of state. Second, perestroyka is geared to the creation of economic power. This in itself is a step forward compared with the present situation, when exclusively military power is the ultima ratio of the state's political actions. Given sufficient political will, this choice will afford both Europe and the "third world" new prospects. Third, thanks to the new

information technology, glasnost will in one way or another blaze a trail for itself everywhere in the foreseeable future. It is better to anticipate this in planned manner than permit the chaotic and, correspondingly, potentially dangerous consequences of this technological leap forward.

Prior to the top-level meeting in Moscow, West European conservative forces had become disoriented. The Gorbachev line had them totally confused. In the words of N. Kinnock, leader of the Labor Party: "Mrs Thatcher has been unable to decide whether to dance with or fight the 'Russian bear'." She and many other conservatives have been doing both simultaneously. And now, following the top-level meeting in Moscow, the disorientation among the Euroright has intensified even more. Could anyone have anticipated that U.S. President Reagan would publicly declare that he was ready to extend a hand to the new Soviet party leadership?

There is no doubt that the degree of benevolence of those in West Europe who assess positively the present development of events in the Soviet Union varies greatly. In business circles there are hopes that advantage might be taken of a unique "business opportunity". We social democrats nurture a somewhat different hope. We are interested primarily in the new prospects which are being afforded for our model of society, granted all its difference at the present time from the Soviet model and granted all the differences which will most likely remain in the future also.

Question. How do you understand the dialectics of the combination of global, universal and class interests and aims? What are the historical opportunities for a solution of global problems? On what basis? Under what conditions?

G. Spitaels. The crisis which the industrial countries are encountering today has revealed the need for the development of new forms of solidarity in defense of the rights of the working people and the most destitute strata. Some in any way effective accomplishment of this task within a national framework is possible only with regard for international factors. We are developing forms of actions which contribute to a strengthening of democracy, freedom and peace and we support together with the Socialist International and the Union of European Community Socialist Parties the various initiatives which proceed in this direction, including assistance to the "third world," North-South dialogue, disarmament and East-West negotiations.

We believe that a reform of the world economic system based on more solidary relations is an essential condition of the surmounting of the crisis and of ensuring peace. In all regions of the world in which we are represented as a political force we are presenting proposals corresponding to the accomplishment of this task. In this respect we are particularly concerned by the "third world" countries' debt. We believe that a global approach to this problem

is essential; only within the framework of international negotiations may an effective solution which will make it possible to halt the growth of the debt be found.

A few words about Europe, whose problems concern us all first and foremost, although as a result of the world's growing interdependence the processes occurring on other continents are reflected in the situation in Europe. Much has been said in recent years about the "decline" of Europe. But is this the case? After all, a number of other countries have in the past decade found themselves in a more difficult position (it is sufficient to point to the shaky situation in many states of the American continent). In addition, statistics do not always reflect all aspects of people's well-being (the quality of the environment, the efficiency of the health care system, living conditions in large metropolises and so forth). Nonetheless, as of the economic crisis not so rapid a growth rate has been observed in Europe as in other industrially developed countries (the United States, Japan) or in certain countries which have recently become their competitors (Brazil, Taiwan, South Korea). Flaccid growth is being accompanied by a weakening of European positions in the field of advanced technology (information science, electronics, robotics) and a considerable job shortage, understated, as a rule, by unemployment statistics.

Europe's relative, although entirely real, decline has been caused, in my view, by a combination of three fundamental factors: the worldwide nature of the economy, the insufficient integration of the European economy and technological change. Each of these factors taken individually represents merely an inconvenience. Their totality, however, puts Europe in a dangerous position. In the years to come this could prevent the European Community countries and its institutions finding a way out of the crisis.

The world economy is today at a kind of turning point. The Wall Street crash in October 1987 is still strong in everyone's memory. Of course, it is hard making a conclusive evaluation just 1 year on, but it may be said even now that those who forecast a major recession were mistaken.

If we abstract ourselves from this, however, the former trends in the world economy have not in recent years disappeared. The increase in the U.S. budget deficit roughly corresponds to the limitation of the budget of the other main industrially developed countries. The millions of jobs lost in the United States (despite the general decline in unemployment) correlate to the millions of jobs preserved in Japan, in Europe and in other parts of the world. The capital transferred by "third world" countries to the industrially developed countries corresponds to the imports which the "third world" obtains from them. The growth of American imports of capital from Japan corresponds to the growth of Japanese exports to the United States. The United States' increasing understanding of the interdependence phenomenon has undoubtedly been an important event of recent

years, together with the October crash, which I have already mentioned. This is explained by the threatening growth of the American trade deficit, the growing significance of international trade in the American economy and, finally, the increasingly substantial influence of exchange rates on the change in business conditions in the United States.

In our time the three poles of the industrial world are encountering predominantly three different problems: for the United States this is the severe trade and financial deficit, for Japan, the inordinate dependence on exports, for Europe, the vast unemployment. An analysis of this situation makes it possible to forecast for the coming years two opposite development options. The first is the far greater coordination by the industrially developed countries of their economic policy. This will require a profound restructuring of the production machinery and a change in the methods of regulation of the economy and the behavior of the population. This coordination will entail an appreciable reform of the GATT and the international currency system. The conflicts which have arisen since mid-1986 between the United States, Japan and the FRG testify to the difficulties on this path.

The second prospect is the growing exclusiveness of the major industrial poles for the purpose of the more efficient mastering of their own difficulties. The ever increasing protectionism, to which all industrial countries are resorting, indicates the direction of their development. Official speeches merely contribute to the preservation of illusions.

Both hypotheses require the far greater cohesion of the European states. In the event of growing economic coordination between the United States, Japan and Europe, it would be essential for the latter to have an opportunity to negotiate with its partners on an equal footing. If an attempt is made to "retire into oneself," Europe will have to pay more attention to internal aspects of the economy. I would like to emphasize that there is today a real, although limited, likelihood of a disintegration of the international monetary system. The derangement of the mechanisms of international regulation has led to the emergence of considerable trade and financial deficits. There is no guarantee that the industrially developed countries and their new competitors will be able to accomplish relatively quickly reforms putting an end to these deficits. Such a hypothesis would mean that the European Community would either disintegrate or be forced to sharply increase its economic integration. I, as a true European, rejoice in the mobilization of today's efforts to achieve the goals of 1992."

K. van Miert. Truly, historically socialism has been built on the basis of the "class" concept. Socialists wished to be the political expression of circles which, by virtue of homogeneous forms of labor at the factories and in offices, regarded themselves as a homogenous social class-group. Will this situation continue in the future also? There is no doubt that there is for socialists no acceptable alternative

to what Leon Blum called the "politics of justice". But the mere fact that you have deemed it necessary to ask a number of questions on this score indicates that in the phenomenon which you call "structural and technological changes" not everything is that problem-free and self-understood. I agree with you here.

Discovering and applying socialism anew is not that simple. There are trends in social evolution with which political currents are forced to reckon as new "facts of life". It is sufficient to adduce the following examples: the declining number of workers employed in manual labor, the invariable growth of the service sector, the increasing atomization of labor, a consequence of which is the destruction of the sense of class self-awareness, and the threatening level of unemployment.

But none of these phenomena should strike terror in us. Has it not been we social democrats who have been maintaining throughout our lives that our goal is to afford everyone an opportunity to build his own life without unpleasant dependence? In our opinion, each person has this right. Not duty but right—this is what constitutes the main difference with the liberals. Our difference with the communists lies, *inter alia*, in the degree of self-organization accorded people. I believe that both the individual and society themselves make their own history. The role of political circles is to attempt to give this process a direction, linking it with their own ideological views. A most complex problem for us social democrats here is the search for a balance between freedom and equality. I cannot rid myself of the impression that when the present line of the Soviet Union has been continued and developed, you will, after a certain length of time, encounter the same problem.

Question. What are the qualitative changes—ideological, political, socio-cultural—which determine the present character of the workers movement and how do you evaluate the difficulties which the social democratic and communist parties are encountering in the developed capitalist countries?

G. Spitaels. In order to understand the evolution of the socialist and social democratic parties we need, of course, to turn to recent history. Conditions were created in the 1960's for an exceptional development of the social democratic model in the sphere of the economy with almost full employment. The correlation of forces between capitalism and the world of labor was regulated by compromise achieved on the basis of negotiations, in the course of which the role of both private initiative and the initiative of the state in the development of the economy was recognized.

However, signs emerged even at that time portending a profound crisis for a decline in major sectors of industry with a large number of employees had begun. The younger generation began to reject, in acute forms frequently, the model of life whose principal value was



unlimited consumption. The mass anger of groups designed to be the majority in the so-called post-industrial society, that is, those who were to occupy jobs in the tertiary sector, grew.

The traditional forces of the left made an attentive study of the malaise and aspirations of the youth in order to take them into consideration in their programs. They also recognized the corrupting consequences of "economic prosperity" and the need to abandon co-managerial prospects, whose principal spokesman had been the unions, in order in the ideological plane to adopt the self-management concept.

Unfortunately, there was between the theoretical analysis and actual social movements a gap which increased prior to the start of the economic crisis, the scale of which could not have been foreseen.

The socialist and social democratic parties were forced to switch to the defensive, although they relied, as before, on their mass base—the traditional strata of industrial workers involved in the struggle for their social gains and for survival even. Since that time our parties have been forced to pragmatically adapt to the changes occurring in society and confront two contradictory trends rooted in the political culture under crisis conditions.

The first, neoliberal trend, marked by an aspiration to a break with dual social democratic compromise, may be called the "hardline" countermodel. It proceeds from the incapacity of the unions for mustering the necessary forces to prevent a deterioration in working conditions. The idea that the burdens need to be distributed evenly is imposed here. This countermodel is directed against state intervention in the economy and sets as its goal the undermining of the system of social security in the name of the free market and enterprise competitiveness. The paradox, however, is that the parties supporting this model have been the supporters of strong state authority. Many of them consider the functioning of a so-called dual society the sole possible solution.

The second, "soft," countermodel has been supported mainly by the environmentalists. It is aimed against the dualization of society and is based on the renovating concept of progress and the intelligent choice of technology, whose purpose is to justify the distribution of burdens, voluntarily accepted in this case.

I shall not omit mention of the rejection of the Eastern model as a result of the processes associated with the Stalin repression, Afghanistan and the deployment of missiles, which reduced to nothing the very possibility of its use. Owing to the application of this model in your country, the authority of Western communist parties suffered. And the intellectuals underwent quite a lengthy period of self-criticism, whereas they should have been rallying their efforts for the elaboration of a socialist model of the way out of the crisis.

There is thus an indisputable crisis of adaptation to the changed conditions. It is gradually weakening, if we are speaking of participation in the organs of power. On the one hand neoliberalism, despite its encroachments on the working people's fundamental rights, has shown its total incapacity for resisting the crisis, on the other, the environmental movements and the "new left" have proven incapable of creating the firm structures so necessary for parties laying claim to office.

In the ideological plane we are endeavoring to overcome the traditional gap, brought about by factors of culture, between, specifically, secular and Christian groups in order to link the interests of the working people with such fundamental goals as an expansion of employment and defense of social conquests.

We consider less important the purely organizational approach to the economy, an analysis of the development model itself being the priority for us. Specifically, we are studying the selective economic assistance of the state as a pragmatic short-term goal. But nor can we ignore the fact that in the long term it calls in question our intention to plan the economy. Socialism no longer provides prescriptions suitable everywhere and for all of life's contingencies, it requires the specific application of short-term solutions under clearly defined conditions.

As far as the fundamental basis and functional role of social democracy is concerned, it characterizes, as before, an endeavor to combine its struggle with the broad social movement. True, we have in this respect to rethink the traditional forms of the organization of our movement. In Belgium the activity of various associations is very vigorous, but frequently subordinated to the achievement of purely local goals. Our task is to support this activity and endeavor to ensure that the totality of scattered specific demands be remelted in a project of society.

As far as the question of the future of the international communist movement is concerned, I would like to exhibit restraint: I am not, after all, a specialist. My contacts with politicians, acquaintance with the social situation in East Europe and recent events in Afghanistan and Southern Africa enable me to assert that the export of communist revolution and the Soviet expansion of the 1970's have been taken off the agenda. I, a representative of the left, democratic forces, am heartened by the new character of Soviet diplomacy and peace initiatives and the dialogue between the two alliances.

The international meeting in Moscow with the participation of communists and socialists, the gradual convergence of the positions of the SPD and SED, which led to the signing in August 1987 of a joint document—these and other examples fit in to the positive outlook. The main thing is that we are talking to one another. And let the conservatives, from the FRG, say, grumble.

K. van Miert. I would like to mention two facts. First, you ask a question about the present situation without intending—at least, this is what I feel—to be sarcastic or to put us in an awkward position. Second, you are asking questions of the same kind about the present situation in the international communist movement of yourselves also.

It would be a mistake to close our eyes and maintain that we have no problems. All the West European social democratic parties are outlining plans for future actions. With some this is occurring within the framework of formulation of a new base program, with others this bears the name "Program 2000," with yet others a debate in party commissions and journals is under way.

Some people maintain that the Christian concept of eschatology is melting in the minds of broad strata of the population as snow in the sun. A politician predicting miracle-working decisions or maintaining that the ideal society which will be built here is a thing of the immediate future is no longer seen as trustworthy. The politician, both in West Europe and in the Soviet Union, no longer promises a carefree future but does everything possible to point the way toward the achievement of a future which will be better than the present.

But this is in itself just one of the innumerable changes occurring at the present time. I am of the opinion that the difficulties which social democracy and communism have encountered at the present stage are largely, if not entirely, connected with the crisis of the idea of progress. Socialists have always and perfectly fairly been convinced that to free himself from the present man has needed a clearly defined picture of the future. This belief was undoubtedly shared by Marx. Social democracy made the all-embracing idea of progress its symbol. The Flemish socialist newspaper is called "Forward," the newspaper of the West German SDP is called VORWAERTS, one of our Flemish socialist women's organizations bears the name "Forward-Looking Socialist Women". I have a feeling that our idea of what signifies "progress" has for a decade not been undergoing a crisis but has been rather a subject of discussion.

Cultural, political and sociological changes are the basis of all this. The debate which is under way currently in West Europe has to answer the following questions: how can we renew the economy while remaining ecologically responsible; what can be done in order on the basis of equality to grant women the place and the opportunities to which they have a right; in what social and political context do we wish to introduce the new technology (genetic engineering, information, communications and so forth); how in the future may all people be granted equal opportunities; what is the practicable path by which we may within the framework of the present state anarchy arrive at arms control and disarmament; in what way is the development of "third world" countries combined with our general idea of freedom, equality and justice; what character do we wish to impart to European

integration? These are just some of the multitude of questions for which—when I return to them after a period of time—there is only the start of an answer.

Debate on this is under way both in our country and in your country. I cannot rid myself here of the thought that it is as yet of an inferior and incomplete nature.

Question. What, in the light of Belgian socialists' recent entry into the government, are the prospects of a stimulation of Belgium's economic relations with the USSR and, in a broader plane, between the EEC and CEMA and how do you assess the international potential of small countries?

G. Spitaels. Speaking of the trade relations of the Benelux Economic Union with the CEMA countries, mention has to be made of the significant reduction in our exports in the past 2 years. The proportion thereof in the total exports of the Benelux Economic Union constitutes only 1.6 percent, although in such sectors as chemical industry or equipment exports to the CEMA countries remained noticeable.

The chief trading partner of the Benelux Economic Union in the East is the USSR, whose share is the equal of the total share of all the other partners. The phenomenon of slow regression is observed here also, unfortunately. Thus our exports to the USSR fell 50 percent in 1987, and our imports declined 35 percent.

Nonetheless, there are three reasons which permit me to view with optimism the future of economic relations between the USSR and Belgium.

First, as distinct from what happened under the previous government (I have already mentioned the retraction to which this led), the present coalition, in which the socialists form the main political "family," has undertaken to develop relations, economic and commercial included, with the East European countries. The government program leaves no doubt on this score, and the program of the activity of the Belgian Foreign Trade Office for 1989, as our principal instrument for export expansion, provides for the technical strengthening of the sectoral working groups (chemical industry, agriculture and the agro-industrial complex, mechanical engineering and nonferrous metals), the invitation of a Soviet agricultural delegation and the organization in Moscow of a Day of Contacts on public catering. We know also that a mission to Georgia is being prepared in Wallonia for the purpose of development of industrial cooperation with local enterprises.

Second, despite the fact that as a result of the decline in the exchange rate of the dollar and the oil price the USSR's currency receipts in 1987 declined, the level of its foreign debt remains perfectly acceptable, and in the light of projects elaborated recently opportunities are being created for capital investments, the introduction of progressive technology and the conclusion of new contracts.

And, finally, last, but not least, the recent structural reforms of Soviet foreign trade and the enactment of legislation permitting the creation of mixed enterprises on the territory of the USSR undoubtedly make it possible to stimulate economic relations between our countries. I read last June that more than a dozen Belgian firms were about to engage in joint production with Soviet enterprises. This is a step forward, and I welcome it.

K. van Miert. As far as EEC-CEMA economic relations and the role which small countries may perform here are concerned, most recent events give me reason for optimism. What I would call an agreement on recognition was signed at the end of June 1988 by both countries. Clearly, this is merely the first step in the direction of an improvement in the economic cooperation of the border regions, between which there have been extremely neglected trade relations. Naturally, it will be necessary in the future to overcome or do away with many more material, financial, institutional and other barriers. A small country such as Belgium could play an important part in this process. For us realization of the plan for the creation of a single EEC market by 1992 should not lead to the exclusiveness of the 12 European Community countries in relation to their neighbors—either the EFTA countries or the CEMA members.

The replies quoted to the following questions are those of G. Spitaels; K. van Miert's position on these questions was set forth above, only partially, it is true, in connection with other problems.

Question. Eureka and SDI: what is your party's position?

G. Spitaels. The Socialist Party has confirmed repeatedly its absolute nonacceptance of the militarization of outer space and, specifically, the American strategic defense initiative, believing this project, extraordinarily costly and inefficient, to be in itself a destabilizing factor. Its purpose is to call in question nuclear deterrence, which has in one way or another contributed to the preservation of peace in Europe and which will remain necessary until a verifiable balance between East and West in the conventional arms sphere has been secured.

The deep-lying motives for the development of such projects should possibly be sought in an aspiration toward isolation, and this cannot fail to engender doubts concerning the prospects of the "coupling" of the defense of the United States and West Europe. Nor, incidentally, can the course of the American-Soviet negotiations in this sphere fail to concern us. I would not want the USSR and the United States to reach agreement on the deployment, even limited, of SDI-type systems for this could only be to the detriment of the Europeans. For this reason paramount significance is attached for us Europeans to strict compliance with agreements.

What today is the state of affairs concerning Eureka? Projects of the SDI type testify to the major technological achievements of recent years. The credit earmarked for continuation of the program (even in the event of the SDI being fundamentally reoriented as a result of the change in the U.S. Administration this November) will undoubtedly permit new technological successes in the future. In connection with such a prospect Europeans are faced with the big threat of an inevitable lag behind the United States, Japan and the Soviet Union even.

It is this threat which guided French President F. Mitterrand when he put forward the Eureka idea in April 1985. However, it should be said right away that, as distinct from the SDI, Eureka does not pursue clearly expressed military goals nor, in addition, does it represent an integral project. It is mainly a question of the need for the interaction of sectors of industry and laboratories of West Europe. We consider it important for the future of the European economy itself to considerably increase within the EEC framework resources for the support of R&D pertaining to such programs as Eureka.

Question. The Western European Union (WEU) and NATO: what trends in their development seem to you the most characteristic?

G. Spitaels. The idea has taken root among European politicians, particularly since the Reagan and Gorbachev summit meeting in Reykjavik, that Europe must possess greater capacity for independently providing for its security and the defense of its own interests. This testifies that the Europeans are assuming a greater share of the responsibility for solving these problems. Who would venture to maintain that the United States will provide protection for the coming 40 years just as in the preceding 40? And is it altogether not paradoxical that 320 million Europeans need the assistance of 220 million Americans to confront 270 million Soviet people?

A government agreement approved at the start of May last year by our party together with four of Belgium's other political parties says: "The government will pay great attention to the building of the European basis of the Atlantic alliance inasmuch as West Europe needs its own security concept." And goes on to specify: "With the following means—the Western European Union, bilateral and multilateral cooperation among the allies based on equality and other possible specific forms proposed by the government."

What does this mean? The agreement concerns the fundamental issue of the place of discussions concerning European security and choice of the most suitable body. European Commission President Jacques Delors put forward a very interesting proposal in this connection—the convening of a European defense council. This idea gained the support of the European Parliament, which

believes that the foreign ministers of the 12 EEC countries should get together within the framework of political cooperation for a special session of the council. This proposal does not, of course, exhaust the problem, but it should unfailingly be taken up.

Does life need to be breathed into the WEU? Not, let us be serious, to strengthen the European basis of NATO—it does not exist—but to create it? Our party is sympathetic toward this idea, but this is not a simple matter. Certain indications, however, are promising, specifically, the agreement between France and the United Kingdom on the allocation of targets for nuclear weapons. This agreement in fact goes beyond the formal framework of bilateral relations and imparts a more European nature to forces hitherto regarded as an instrument of purely national policy. At the same time the framework of the WEU sometimes proves highly formal: the Standing Arms Committee does not meet, and arms control has been reduced to a minimum. In addition, whereas the WEU claims to be the spokesman for Europeans' interests, it does not unite all the countries participating in political consultations within the EEC framework and all the European members of the Atlantic alliance. Many EEC countries, Portugal and Spain, for example, are knocking on the door of the WEU.

This union has let slip a number of important opportunities. Thus in mid-September 1987, at the height of the crisis in the Persian Gulf, the decision to dispatch thither ships from various European countries, Belgium included, was adopted individually by the national governments and implemented in disconnected manner following contradictory statements. Yet this decision should have been based on a jointly adopted political position and should have led within the framework of the WEU to the coordinated actions of the European governments which are members of it.

Our party clearly supported a revival of the activity of the WEU. But things have progressed slowly, and it seems to me that today there is no choice other than to either revise the tasks of the WEU and expand it or simply liquidate it.

Question. How do Belgium's socialists intend commemorating the May Day centennial?

G. Spitaels. Our party and its research center have been cooperating since 1986 with the Brondolini Foundation in Milan, which is preparing studies, projects and proposals devoted to a study of the history of May Day. We consider it essential that the May Day celebration be an excuse for a summation of the struggle of the international workers movement. Our party is currently examining various projects concerning its participation in activities devoted to this holiday of the workers movement. We intend granting the local organizations complete autonomy of action and affording them an opportunity to display their initiatives, as was the case in the period of celebration of our party's centennial.

#### Footnotes

\* General Agreement on Tariffs and Trade, a multilateral intergovernmental agreement aimed at a lowering of customs dues and other barriers in international trade. Signed by 23 countries in 1947—M.N.

\*\* The reference is to the creation by 31 December 1992 of a "single internal market" for all 12 EEC countries—M.N.

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#### Italian Labor Leader on Changes in Working Conditions

18070153a Moscow *RABOCHIY KLAS I*

*SOVREMENNYI MIR* in Russian

No 6, Nov-Dec 88 (signed to press 24 Nov 88) pp 61-70

[Article by Antonio Pizzinato, general secretary of the General Italian Labor Confederation (CGIL): "The Working Class Now and in the Future"]

[Text] In the debates which are developing in various countries and internationally in the face of the appreciable changes which have occurred in the composition of the work force as a consequence of the processes of the reorganization and technical renewal of production and labor there is ever increasing discussion of the question of whether the role and functions of the working class in a situation where in the world of wage labor it is becoming a minority have been lost. At the same time, however, owing to the changes in the social composition of the working people as a result of the comminution and dispersal of their interests and the increasingly flexible and individually determined requirements of the defense of these interests, the question of whether the class trade union understood as an organization of the collective defense of the working people and their basic interests still preserves its role and functions has arisen. We should add to what has been said the trends toward the marginalization of the union and its capacity for influencing by means of recruitment on contract the working people's labor and living conditions. There is also a crisis of the models based on the Ford-Taylor concept of production and labor, which has caused a serious crisis of the "industrial" trade union in the form in which it has taken shape over the past 50 years.

Trends toward a restructuring of the organization and functions of the union and simultaneously of the corresponding principles of the contractual regulation of labor relations have emerged in the face of this crisis. Thus the trend toward the development of individual recruitment between employers and individual working people is strengthening. This is the extreme end of the stratification of the function of collective recruitment exercised by means of trade union associations. But developing alongside is a kind of syndicalism which is protecting the particular interests of narrow strata of the working people.



We may speak here, if you will, of the birth of new shop unions. Clearly, the trend which is becoming firmly established is one of the corporate defense of interests to the detriment of general interests. And, finally, recruitment of an "approved" type—between employers' associations, trade unions of the working people and the state—in the course of which "political exchange" is practiced, is becoming firmly established in unions representing the working people's general interests. All this is leading to the growing centralization of recruitment as the function of the union which is recognized and established by employers and the state. On the other hand, the union itself is increasingly losing its capacity for being the direct and immediate spokesman for the working people's interests, and its character as an autonomous and democratic organization is thus weakening.

Trade union comminution, which is being observed in many Western countries, is leading, as we can see, to the formation of various trade union models. But counterposed to this phenomenon are, it would seem, opposite processes like that of the unification of different workers' unions which is occurring in Japan or the process of the development of unity of action between various unions.

It should be said also that the question of the need for the surmounting of models of unions' coordination at the national level in order to create unions with a supranational role and powers and also to formulate an answer to the increased extent of enterprise internationalization and integration at the European level came to be discussed on the initiative of Italian unions at the Sixth European Trade Union Confederation (ECT) Congress in Stockholm. This process will intensify with the creation in 1992 of the single European market, which will force the working people and their unions to struggle for "social space" guaranteeing them rights of protection and social security in an integrated Europe.

In the course of this discussion, but even more in connection with the tortuous path which many unions have taken to emerge from the crisis, we should ask ourselves who is guilty of this, who is taking the wrong path? What is the real way out of the trade union crisis capable of ensuring representation for the entire diversity of the world of wage labor—the central point of the social base of the modern class trade union?

There is no doubt that the requirement and necessity of a union are very great. But it is a question of creating a union different from that which has been well known up to the present, a union to which it is necessary to restore and impart a new role, functions and democratic organization. A union which establishes its autonomy from government, the employers and political parties, and establishes this autonomy, what is more, as a capacity to formulate its own program and struggle in accordance with it for the achievement of the goals of emancipation and social transformation. A union which can establish

its autonomous character, regardless of the social conditions in which it operates, because it represents a force ensuring balance and the development of democracy in the economy and society and in its institutions.

The time has come to begin a new phase of the struggle for the establishment of the main goals and values for the working people of our whole planet; to seek solidarity and social equality and adopt the demands and cherished aspirations of people, who are toiling for the sake of a new quality of development and peace.

The long path, on which important goals in the struggle for the working people's emancipation have been achieved, is at an end. The class struggle has changed the character of the world profoundly and modified its geopolitical and social arrangement.

Of course, were we to look back and ponder the goals which confronted proletarians of the whole world 100 years ago, goals embodied in the demand for an 8-hour work day, we would have to say that "for the first time the mobilization of a united army under one flag for the sake of the achievement of the goal of winning, in accordance with the law, an 8-hour work day" (F. Engels) has had a victorious outcome in almost all countries of the world. This outcome is incorporated currently in the developed countries in the broader process of emancipation and the winning of conditions for the management of "work time" and for its conversion into "time for living" in order to impart a new quality to labor and economic and social development. This process, which affected the world, meant not only the transition of an economy based on agriculture to the establishment of powerful industrial systems, it has led to an increase in the proportion—in many countries this has now affected a majority of working people—of services designed both for enterprises and for families and "tertiary"- and "quaternary"-type sectors. At the same time it released tremendous energy and established social systems based on state collective ownership and forms of the "welfare state".

The growing dependence between the production sphere and the sphere of social reproduction is manifested as clearly as can be today—primarily owing to the particular features of the technical and economic changes of production. This wide-ranging and profound process of changes, which has to a considerable extent been the result of the struggle and gains of the working people, has changed the class composition of society and the working class itself. The growth of the stratification and segmentation of the world of wage labor is showing through increasingly clearly. Whence also the goal confronting the workers and trade union movements—synthesizing the various realities in the world of labor and leading to unity once again the diversity of the world of wage labor.

What are the distinguishing signs of the changes reflected in the composition, role and functions of the working class and its organizations? The result of the innovations, crisis and restructurings, the new international



division of labor, changes in finances and ownership and the growing internationalization of the economy has been a new situation in various sectors of production and in the workforce at the enterprises. The processes of technological renewal, which are based mainly on the revolution currently under way in information science, have brought about an extraordinary increase in the role of draft planning, accounting, processing, commodity shipment and services performed by machines. The consequences of the renewal processes are being manifested in both the economic plane—via the growth of the imbalance between various regions of the world and within individual countries—and in the social plane—on account of the crisis of the “social state” and the negative impact on the level of employment and on the level of “social protection” and social inequality—and in political and institutional and also the military planes—on account of the danger caused by the narrowing of the sphere of democratic participation and the change in relations between the state and the market in relations between research for military purposes and for the purpose of civil development—as in the cultural plane—on account of the close relations between personnel-training systems and the goals of the civil development of each country.

We are thus confronted by a comprehensive reform of the organization of production and labor and different relations between the factors of production, which presupposes also new methods of determining production and social strategy.

The renewal of the “process” has influenced the level of employment far more strongly than the renewal of the “product”. It has had various results in respect of production sectors and enterprise dimensions and also in respect of different regions of an individual country and different parts of the world. Simultaneously there has been a change in the composition of the work force both from the occupational viewpoint and from that of the level of education, occupational training and approaches to labor and, finally, the very concept of labor and its worth.

The decline in employment and the change in the composition of the work force are consequences of restructuring and renewal. As far, however, as the enterprise is concerned, in view of the nature which the renewal has assumed, in connection, specifically, with the introduction of information science to draft planning and production processes, changes are occurring here in strategy and strategic planning. Indeed, whereas earlier, in standardized production, production and, consequently, the technological organization of labor were decisive, there is today a new relationship—“enterprise-market”—which is strengthening and imparting particular value to such departments of the enterprise as the research, design and commercial (marketing) departments. Strategic planning of enterprise activity is, consequently, becoming the decisive component. In this sense a transition from the Taylor factory concept to a more flexible model is under way.

A displacement of the efforts which had earlier supported the large-series production—consumption—social state system is beginning in this process. In this phase elements of the economic and production crisis are intersecting with elements of “management of changes”.

Contradictions between wages and profits are intensifying, but the trade union is having difficulty perceiving the intrinsic dynamics in the sphere of wages and the sphere of profits. It is failing to catch important aspects of the social changes manifested both in a reduction in employment and in the “polarization”—top and bottom, professional and social—of the structure of the work force, which have been introduced in the course of the capitalist reorganization itself as an expression of the change of the relations of power in the sphere of production and in society.

The production restructuring and renewal have led to a flexibility of production processes not only at large-scale enterprises but at small and medium-sized ones also. They are now a real “flexible manufacturing system”. Approximately 7 million working people, that is, almost half the manpower working for wages, are currently employed in this sector in Italy.

On the other hand, masses of working people, as a consequence of the growth of the labor reproduction sectors and the “tertiary” sector, are being moved from large-scale industrial enterprises to state or private enterprises and establishments offering services. And, truly, the biggest “work places” and concentrations of working people in Italy, aside from the large FIAT complex in Turin, may be met with now in the municipalities of large cities, in large hospital or university complexes and in research centers.

There has also been a change, as pointed out earlier, in the composition of the work force. A process which has led to “production workers” ceasing to be the majority and the central figures around whom the unity of the working people was realized has begun. The trade union movement is confronted with the need to put forward, employing its own negotiating method, problems connected with “the management of changes and innovations” in all aspects: from employment through the reorganization of labor, from the question of wages through social protection as a whole. This has been and is being implemented by means of the “contracting of the flexibility” of labor. But this does not mean concessions to the comminution of the work force or its “corporatization” because such contracting is a part of the project for and strategy of unification of all working people.

The trade union project is being made increasingly commensurate with the need to advance the sphere of social and class conflict, bring it closer to the stage of the preliminary elaboration also of plans for the introduction of technical and organizational production and

labor and to encompass the very stage of strategic decision-making at the enterprises. All this is at the current stage becoming a preliminary and essential foundation for imparting strength and renewed content to the negotiations concerning the conditions and the organization of labor affected by the processes of capitalist restructuring.

The demands of the Italian trade union movement concerning the establishment of new union-industrial relations with the employers' organizations move in this direction. The model in this case are the agreements concluded in Italy in respect of the so-called IRI (the IRI is an organization which unites the biggest enterprises with the predominant participation of state capital—ed.) protocol and with other state enterprises. Also important are the labor agreements concluded in the private sector of industry and providing both for a broadening of "the working people's right to information" on the renewal processes (on investments, technological innovations, technical and production transformations, the organization of labor and so forth) and the introduction in certain sectors of "monitors of the new technology and organizational innovations at the enterprises".

The significance of the strategic choice of the unions is the fact that, beginning with the individual job, it is possible to restore with the aid of collective bargaining agreements and the leadership of forms of the self-management of labor and semi-functional groups the unity of the working people of different occupations and specialties participating in the labor cycle and seek, uniting various phases of the labor cycle and bringing the moments of intention and decision closer to the moment of performance of the work, a growth of the working people's autonomous participation. But the union's capacity for playing the principal part in economic democracy should accompany all this. Various models of participation in economic democracy (from forms of joint decision-making in the FRG to the current model in the Scandinavian countries) are employed in Western countries. The models of Yugoslav self-management and the practice of meetings of the work force in the Soviet Union are associated with them. Serious work has to be done. It is a question of the union's establishment of its capacity for constituting itself as an independent force representing the commanding value of labor in production relations and at the same time opposing the strategy of the enterprises and their interests. In other words, it is a question of developing the union's capacity in the sphere of culture and political struggle for not submitting to the hegemony of the enterprises.

This is a first step permitting the union to fully restore its function and its power in collective bargaining policy—an essential condition for the struggle of the union as a political subject for the renewal process at the level of the system. The union has to initiate a program of the comprehensive development of all of society which could solve questions of an increase in employment and

problems connected with territorial and sectoral disproportions and also determine relations between development and the environment as a condition and obligation which it is essential to respect. This program of comprehensive development should take into consideration, naturally, internationalization processes under way in the economy and production systems.

Development is thus based now on a new concept incorporating environmental protection and, consequently, championing a new quality of labor and life, which constitute in sum the new character of the social arrangement.

The new role of the working class is being performed in this struggle being conducted within the framework of the strategy of reunification of the world of wage labor.

There is a transition to a new phase of struggle for a broadening of the working people's individual and social rights and for a strengthening of the sphere of the collective defense and trade union liberties of the working people, which now encompass the specific sphere of economic democracy. It is a question of the working people's capacity for self-management and determination of new models of labor and new outlines of the social organism and of the capacity for more general decisions concerning the country's economic and social policy. It is on this basis that the new phase of social and class conflict in Italy and other capitalist countries is founded.

Of course, the unification and representation of the whole world of wage labor, which incorporates also the working class of "the highest type"—in terms of its professional capabilities and participation in the elaboration of new models of the self-management of labor—pose serious problems of a theoretical and practical nature. These problems concern the present function of the working class in the process of the "horizontal" expansion of the types of activity which are a part of the sphere of wage labor, as far as those which are reminiscent of forms of so-called independent labor (for oneself) or "free profession" labor, and concern the need to reconstruct the questions which are the point of departure for the entire complex of the new structure of labor from the theoretical and practical viewpoints. Of what does reformatory strategy consist in our time? What today is the central social role of the working class (and is it possible)?

It is this most complex task which the union on the one hand and the party on the other are called upon, exercising their autonomous and dialectical functions, to accomplish. It is essentially a question of pondering what the basic directions of the program of changes are.

Some people believe that in the face of the changes which have occurred the role of the unions, in the developed countries particularly, has become or is becoming marginal. Specifically, employer associations are endeavoring to isolate the union and prevent it exercising its most

important functions of collective-bargaining regulation of the restructuring and renewal processes. Prevent the union intervening not only in questions of the introduction of new technology and new systems of the organization of production and labor in order to confront their imaginary "neutrality" but also to remove from it any possibility of a link with actual work conditions, with the development of old and new professions and with the more general processes of the technical and social division of labor. Prevent the union exercising supervision and leadership of wage policy and "actual remuneration," which the employers maneuver one-sidedly and arbitrarily for the purpose of inflicting casualties on collective recruitment at enterprise level, at sector of the economy level and at the overall economy level in order thus to reduce to nothing the union's collective bargaining power and sever its ties to the working people.

But the comminution and segmentation of the world of wage labor brought about by the renewal of the "process" and the "product" require precisely, on the contrary, if we wish to once again unite the working people and influence the renewal and restructuring processes, a "bigger union". A union profoundly different from the previous one and one that has been renewed. A union which must display ever increasing respect for the "industrialist" concept of the past 50 years in order to be an expression of the entire diversity of the world of wage labor and possess a strategy and program adequate to the current phase of the development of society.

Formulation of the points of the program is therefore a principal task. It is this factor which induced the CGIL to conduct a wide-ranging discussion between the working people and union activists in order to quickly formulate its own "draft" "fundamental program" with the subsequent organization of the first "program conference".

It may be said as yet that the advancement of labor and its worth as central is a burning problem.

The struggle to ensure for all the right to work, the struggle against unemployment—this is today a priority goal of the trade union movement. The winning of man's fundamental right to participate creatively, via his labor, together with others in the realization of his personality and his life's program is new confirmation that the sphere of rights and individual and collective liberties is expanding precisely in connection with labor.

Unemployment, particularly among young people and women, has reached an unprecedented level, which was considered serious and insupportable back at the times of the crisis of the 1930's. In Europe (and not only in Europe) it is now in excess of 10 percent of the work force. In Italy it exceeds 12 percent, and in vast areas of the south of the country has reached the intolerable level of 20-25 percent. Simultaneously with the increased pressure of women and the youth coming onto the labor market there is the abrupt manifestation of the phenomenon of "mass nonemployment," which has entirely new

social characteristics compared with the phenomenon of traditional unemployment experienced by working people excluded from the production cycle. The "mass nonemployment" phenomenon is now characteristic of masses of young men and women belonging to the strata of the petty and middle bourgeoisie also.

The problem of the growth of employment is connected with the problem of the quality of development, which needs to be tackled within each country and economically integrated regions. This means that trends toward the marginalization of the peripheral zones of economically integrated regions both within the EEC, for example, and within Italy—in the country's southern zones—are being manifested actively. It is a question of the establishment of the capacity for balanced and harmonious development. It is necessary to consider also the incessant migration within the economically integrated regions of working people from the south, which is confronting the union movement with difficult problems of expansion of the social protection of immigrant workers and guarantees for their equal contractual rights, social security, trade union and political rights and so forth, as far as guarantees of respect for differences in culture, religion and basic concepts. Class unity now runs through the solution of these problems, which are becoming explosive from the social viewpoint.

However, owing to the factor of the increasingly supranational nature of enterprises and the economy, development is assuming the nature of a relationship between different countries, regardless of the differences in economic and social regimes. Particular significance in this sense is attached to the recent agreement between the EEC and the group of countries which are members of CEMA.

The evaluation of labor and the increased power of its intervention in processes of the production of goods and services and also the labor which is exercised in the sphere of social reproduction, particularly in the sphere of the formation of personnel and education, research and concern for life as a whole and elderly people in particular has as its central point the problem of the reorganization of "work time" into "time for living". This means that together with the struggle for a general reduction in the work week to 35 hours we need to start the reforming of the quality of labor and the social organization of time and the conditions of all social life as a whole. Within the framework of this process, but in a longer timeframe, we may expect a further reduction in the work week to 30 hours.

The significance and meaning of the time (period) of working life are being reconsidered with regard for the new quality of disengagement, particularly among the youth, and people's increasing longevity. The time of work, the time of cultural and professional formation and the time of social and personal life are no longer linked with one another in the strict sequence of formation-labor-retirement pension. Forms of the "soft" entry

of the youth into labor activity and the "equally soft" departure therefrom of more elderly categories of working people, understanding by "soft" start and "soft" end labor activity of more limited duration in comparison with the rest of the working people, are being introduced. At the same time, however, it is essential to foresee that the formation process, which is today being implemented only in the initial period of life, will become activity pertaining to the "permanent formation" of all working people throughout their lifetime also.

This obviously means flexibility of the labor timetable and labor relations, the introduction of part-time working, the use of leave by individual working people and family units in different months of the year.

But the social reorganization of the time of living and labor is an integral part of the immediate reforming (or, perhaps, it is more correct to speak of the reevaluation) of the division of labor and social roles between and women. This would be a giant lever for the liberation of women, progress and the more general emancipation of all working people and all of society as a whole.

Questions concerning reform of the "social state" are connected with questions of new development policy and with the reorganization of "work time" into "time for living" precisely because they concern the main points of state intervention in the economy and social life. Intervention is exercised precisely in the connecting links between production and social reproduction, in the sphere of various collective and social services pertaining to the system of social safety, social security and the system of health care, the school and formation as a whole.

The ground is emerging on which a struggle is getting under way between the efficiency and fruitfulness of the public service sector and the claims of moderate and conservative forces of society confessing concepts of neoliberalism and the "privatization" of whole sectors of public services. This struggle is testing the capacity for responding to the demands and qualitatively new needs, particularly of a "nonmaterial and intellectual" nature, which are emanating from society. It is here that the "new boundary" of the rights of citizenship, which should be established within the renewed and reformed "social state," runs. It should be borne in mind that in connection with the creation in 1992 of the single European market a struggle will begin on these grounds for the definition and winning of "social space" determining the general minimum levels of protection and rights. By setting aside for this purpose part of the gross national product and determining thus the overall standard of the rights of social citizenship at the European level it will be necessary to prevent various forms of "social dumping".

We have often affirmed the nature of the interdependence which binds the economic, production and social problems of one country with other countries. But then the union—as other existing institutions, party and

state—has been confronted by the problem of securing its own growth and the growth of the possibilities of its intervention at the inter-nation level. This is of significance also for the unions of countries integrated at the CEMA level.

At the recent Sixth ECT Congress we, together with the other Italian unions and the unions of other countries, insisted on formulation of the question of the very nature of the European Confederation, intending a transition from the simple coordination of unions' activity to a confederation of European working people. A confederation of a democratic nature, popular and autonomous, acting as a real organism and possessing the authority to conclude collective contracts at the inter-nation level and the capacity for exerting political influence on the institutions of the Common Market at the time of elaboration of European socioeconomic policy. It should have the opportunity to conclude "framework (base) agreements" at the inter-nation level capable of serving as the basis for the unions' struggle for the conclusion of collective contracts at the national level.

We are well aware of the reality of the new phase of development in which we are involved and the nature of the contradictions appearing between individual countries and individual economically integrated zones and within them; of the ever increasing interdependence of decisions between various regions of the world and world problems. There ensues from all this for the working people and their unions an insistent need for the definition from scratch of goals and general values, starting with the values of solidarity and social equality. In other words, there arises the need for reflection for the whole world trade union movement in order for the recreation of the basis of international solidarity in the struggle for the cultural and organizational renewal of national trade union movements and an answer to the imperatives of the new phase of the history of mankind.

The new forms of the organization of labor activity and social life are posing questions requiring solution. The restructuring of the time of living, the organization of production activity and social reproduction is the condition making it possible to secure equal opportunities and equal worth for men and women. Generally, all this is once again becoming the general goal of emancipation. A new "world charter of workers' rights" could focus this entire spectrum of demands and unite world forces of labor at this stage of their liberation struggle.

The year of 1990 will be the centenary of the celebration of May Day. One hundred years will have elapsed since the call went out for the struggle of workers of the whole world for an "8-hour work day," the establishment of the rights and liberties of working people and for peace.

The May Day centennial will be an event of immense importance, which the Sixth ECT Congress appreciated in full measure, when, on the initiative of the CGIL, CISL and UIL, it declared in its resolution: "This

anniversary should, thanks to its solidarist and international significance for the cause of peace and the establishment of the workers' rights, be solemnly commemorated." And, further: "The ECT Executive Committee should plan the appropriate anniversary undertakings, including an international meeting devoted to reflection on the historical experience of the trade union movement in Europe and its prospects in the face of the challenge of the future."

This is a call and obligation addressed to the whole trade union movement of various countries. We believe that no trade union movement and no social force struggling for the emancipation, liberation, protection and just appreciation of labor can avoid participation in activities of such immense significance. The wind of neoliberalism and doctrines of individualism which has been blowing in recent years in various parts of the world is abating, while, however, the need for solidarity, social equality and the balanced development of the world is growing. The recent agreements in the sphere of nuclear disarmament have afforded big hopes for a different future, in which the problems of East-West and North-South relations will be posed anew and differently from before, a future from which the establishment of the positive role of Europe and, on a broader plane, the entire worker and trade union movement may be seen.

Preparations for the splendid May Day date have already begun in Italy. This year even May Day was commemorated in Assisi jointly by the CIGL, CISL and UIL with the participation of the ECT general secretary and representatives of unions of Chile and South Africa

and Hungary and also PLO representatives. A traveling exhibition devoted to the May Day centennial has been prepared. The CIGL Pensioners Union (which has more than 2 million members) has already undertaken to stage together with other pensioners' unions activities of an all-European nature in celebration of May Day in 1989 and has appealed to all the country's democratic forces, figures of culture and science, the universities, radio and television centers, newspapers, the local authorities and organizations proposing that 1989 be made the "Year of the May Day Centenary" and that the holiday be commemorated in accordance with a national program of demonstrations.

For our part, as a trade union movement and political forces of renewal and transformation, we must utilize this event to indicate a new strategy for humanitarian development, that is, a strategy at the center of which are the values of labor and man, a strategy on whose basis it is possible to summon to the struggle and mobilize hundreds of thousands of working people, men and women workers and young men and women of all continents. This is a big assignment. It seems at times to verge on utopia. But the possibility of the destruction of intermediate-range missiles seemed utopian just a few years, a few months ago. Thinking about a successful struggle against economic and social trends of the egoistical and individualist type embodied in neoliberalism seemed utopian. But it is possible, as the negro martyr Martin Luther King maintained, to "have a dream". The hope of our minds and our powers is so great that it could become a certainty.

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## Commentary on Soviet Border Trade

### Polish-Soviet Border Trade

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[Article by M. Baretka, Polish "Interpress" agency correspondent, and Yu. Skvortsov, TRUD correspondent: "A Sales Counter at the Border". Commentary by I. G. Ushkalov, specialist of the USSR Academy of Sciences Institute of Economics of the World Socialist System]

[Text]

#### Belostok

In this Polish city there is a street which, twice a week—on Thursdays and Sundays—changes its usual name. And when in response to the question, "Where did you buy such a wonderful thing?" the answer is: "On Nevskiy Prospekt", it is clear to everyone that we are talking not about Leningrad, but about the local "swap meet" or, more precisely, about the black market in "Russian goods".

Yet recently on "Nevskiy" the situation for speculators has worsened. And this is not only because of the introduction of limitations on the export of a number of goods from the USSR.

Border trade has become a notable factor. This is the non-currency exchange on the "barter" principle between the eastern provinces of the PPR and the western Soviet republics. Having emerged 2 years ago, it developed slowly at first. Specialists not in international trade, but in domestic trade began operating on the border market. These were the leaders of oblast trade organizations and the directors of large department stores.

Then gradually the "domestic" traders got a taste for international deals, and while in 1987 the volume of border trade comprised 70 million rubles, in 1988 it had already reached 200 million.

What kind of goods were supplied on the basis of agreements between the neighbors?

The senior inspector of the trade administration in Belostok Province, Alitsiya Malevich, presents the following data. Woven fabrics, flax-fiber products, rugs, and linens came from the USSR. This group of goods comprised about 40 percent of the border imports. Household items—plastic baths, buckets, enamelware, and even nails—accounted for 20 percent. Another 20 percent was comprised of bicycles, outboard motors, musical instruments, television sets, and coffee grinders. The rest were food products, primarily champagne, wine and souvenirs.

The trade organizations of Belostok Province sent their neighbors primarily products from Polish light industry—clothing, cosmetics, as well as a wide assortment of food seasonings, yeast and food concentrates, as well as souvenirs.

A. Malevich believes that the prospects for border trade are practically unlimited, since the demand for certain Soviet goods exceeds the supply by at least 10 times.

"Look in our store 'Neman'," she suggested. "It sells Belorussian goods. You will see for yourself that everything is bought up."

They told us in Belostok that the following situation also occurs. We run out of Soviet goods and send a telegram to Grodno: "Send urgently...". And they send the goods. But, alas, it happens that we sometimes also get defective goods. Again we send a telegram: "Urgently awaiting a representative for price reductions or return of defective goods". We too receive such telegrams—it is a fact of life. And from Belostok a representative sets out immediately, that very same day. After all, it is a hop, skip and a jump to Grodno! But for some reason, we have to wait sometimes for weeks for an inspector to come from there...

"Trade between neighbors is anti-bureaucratic in its very essence," believes Khenrik Kishlo, director of the "Spolem" trade cooperative in Belostok. "Unfortunately, not all the services cooperating with us share this opinion. Here is a specific example of work in the old style. We recently received from our neighbors some wonderful canned fish. It was before a holiday, and the goods would surely have sold briskly. But the sanitary-epidemiological service intervened... and the canned goods sat in the warehouse for 10 days. On the Soviet side, as far as I know, the expert inspection of food products is similar. But, tell me, why have dual control? Can't the Polish and Soviet medical men coordinate their standards and requirements and operate on the basis of mutual trust?"

We also have to trust each other on customs matters. If the goods are stamped with a customs seal on one side of the border, it must be trusted also on the other. Yet for now they are again opened, re-counted and examined... After all, joint control services could operate at the border, and this would cut the work time in half. Border trade must be given the green light along the entire route of the goods—from production to the foreign buyer.

#### Grodno

Six months ago, a store selling exclusively Polish "border" goods, "Eliza", opened in this Belorussian city. "Eliza" is flourishing. It alone accounts for one-third of all the income from the city's trade industry. The people flock to this store. Yet, we must admit, not everyone leaves with purchases.

Clothing is in lowest demand at "Eliza". The fact is that the goods offered here are far from "the last word in fashion", while the prices are enough to make one shriek. The store personnel are usually tormented by the stereotype question: "Where is your footwear?" The stereotype answer is: "We practically never have any".

In short, it is primarily the trade in cosmetics which brings in the profits.

"Yet there are disturbing facts even here," complains store director Z. I. Sedletskaya. "We open a routine shipment of perfume and find that the bottles are clearly underfilled. Recently customers returned mascara to us—it was flaking. The creams we received were already 'fermenting'..."

The purchases here are made generally by visitors: tourists, business travellers, and motorists from Lithuania, Mogilev, and Minsk. "Here in our city," explained the sales clerks, "after the 'opening' of the border, every second resident has already been to Poland to visit relatives or friends. They too come to visit regularly. Thus, 'Eliza' would seem to serve no purpose for Grodno residents."

"The short-term future of border trade in goods, in my opinion, is not a rosy one," believes the head of the Grodno oblast trade administration, V. A. Potapovich. "Most likely, the assortment of goods will not increase sharply, although the difference in prices is increasing. Everything of our neighbors' is constantly getting more expensive, and if we buy up the latest fashion in Polish clothing today, then we will be forced to sell it here at exorbitant prices. The things will simply gather dust on the shelves. Also, do you know what we have to use to pay for Polish cosmetics, fashions, condiments, and so forth? We pay in woven fabrics and dishware, as well as bicycles, canisters, buckets, and other metal-containing products... Of course, this will not do. We would like to offer our neighbors the goods which are of interest to them, but at higher prices than we have charged up until the present time and which, we might add, would be more realistic. If our neighbors agree, then trade will pick up and expand, and we will be able to reduce prices on Polish fashion consumer goods for our customers."

...We noticed a difference in the evaluations of the prospects of border trade between Polish and Soviet specialists. Judging by all this, it is profitable for one side, and not too profitable for the other. Does this mean that in the near future we will reach a dead end?

Our correspondent N. Baratov asked I. G. USHKALOV, a specialist at the USSR Academy of Sciences Institute of Economics of the World Socialist System, to answer the questions presented by the authors of the report.

[Ushkalov] For now, border trade is being implemented on a balanced basis. Such a situation, as rightly noted above, serves as a hindrance and does not allow us to

realize all the benefits of cooperation in full measure. Yet it is certainly not leading it to a dead end. The already existing bilateral agreement on using national currencies in accounting within the framework of direct ties between associations, enterprises, and organizations will help to remove the inhibitions in border cooperation.

Of course, the problem of prices remains most important. Here we must more broadly apply contract prices which are independently set by the partners for mutually supplied products. Such an agreement has also been signed between the USSR and the PPR. Although, of course, the radical solution to this problem lies along the lines of ensuring mutual convertibility of currencies of the socialist countries.

The increased economic independence of the territories must also play an important role. For example, during 1988 in the PPR around 800 enterprises changed over from the sectorial structure of management to a subordination to local organs. We too, as you know, are beginning to implement such a process.

In my opinion, the border regions must be given certain benefits in the implementation of foreign economic activity. Evidently, the enterprises found in this zone must have a higher percent of currency deductions, of which a certain portion will be directed to the regional development fund. Such funds should also expediently be used for creating international banks for border cooperation. Aside from serving the partners, such banks could, for example, give credit for building the necessary infrastructure (border crossings, hotels, railway stations, campsites, etc.). This is particularly important in connection with the fact that the development of border cooperation has caused a significant increase in interstate trips by the public. Of course, we also need such joint services as sanitary control and customs.

In other words, we must make the transition from initial, primitive forms of border trade based on the principles of direct commodity exchange to those which are dictated by the times and by economic expediency.

#### Chinese-Soviet Border Trade

18250136 Moscow SELSKAYA ZHIZN in Russian  
7 Apr 89 p 3

[Interview with Pogranichniy Rayispolkom Chairman A. V. Rozhenko conducted by SELSKAYA ZHIZN correspondent N. Artapukh: "Like Good Neighbors; Soviet and Chinese Border Regions Develop Their Relations"]

[Text] The Vladivostok speech of CPSU Central Committee Secretary General M. S. Gorbachev on the stabilization of international tensions in the Asian-Pacific Ocean region continues to actively "work" toward peace and have a favorable effect on the development of Soviet-Chinese relations. There is no doubt that the upcoming visit of M. S. Gorbachev to the PRC will bring the mutual relations of the two socialist countries to a qualitatively new level.

How do the neighbors live these days, what problems do they solve, and are there problems in the development of border ties? Our correspondent, N. Artapukh, presented these and other questions to A. V. ROZHENKO, chairman of the Pogranichniy rayispolkom.

[Rozhenko] "Our rayon is an agricultural one," noted the speaker. "As long as I can recall, we have been unable to resolve the work force shortage. This is understandable. There has always been a shortage of housing and cultural-domestic facilities in the village, and people do not stay long. There were many complaints also about the labor conditions. In short, we decided to approach the leaders of the Chinese border province of Kheylun Tsian with a proposal to build a large brickmaking plant in the rayon center, which would allow us to create a good construction industry base in a short time, and on the basis of this to renovate the village and move forward."

[Correspondent] What did the Chinese comrades answer?

[Rozhenko] They agreed to build an enterprise for the production of 20 million pieces of brick per year using their own material and in just a few months. Frankly speaking, I had my doubts about this. At all of its plants, the krayagroprom [krai agro-industrial complex] produces slightly over 12 million pieces of brick a year, and then to erect such a huge venture in a short time—was it really possible? However, life convinced us otherwise. By the end of November, two-thirds of the plant's construction volumes were finished. With the onset of spring the work continued, and by the beginning of summer we expect to have the first production.

[Correspondent] Anatoliy Vasilyevich, the Chinese, as we know, are skillful farmers. The climatic conditions of Primorye and the border provinces of China are practically the same. Yet the land of our neighbors often yields produce which for some reason will not grow here...

[Rozhenko] Naturally, we were counting on the skill of the Chinese peasants. That is why we offered a group of workers to rent a small field from the "Baranovskiy" sovkhoz. I will note, by the way, that the signing of agreements on cooperation took some time, and the Chinese peasants began to cultivate the land with a month's delay. And what do you suppose? The crop yield of cucumbers comprised...552 centners per hectare! It is true, the Chinese grew the long-fruit varieties which are not in very great demand here. So from now on our neighbors will grow regular cucumbers.

Having agreed on the assortment of products ahead of time, we asked that special attention be given to growing watermelons. We must bring them in from as far away as Uzbekistan. It is characteristic that long-distance shipments guarantee... the low quality of the watermelons. The shipper never sends ripe fruit, since it will spoil in route, while unripe shipments will arrive with a full guarantee and there will be no losses. The local varieties,

however—"ogonek" and "stoks"—yield small fruit. As a result, the Primorye residents are always shortchanged in some way. This is why we asked the Chinese peasants to raise watermelons using their own technology and their own seeds. We must note that despite the month's delay in planting, the ripe watermelons were large—weighing an average of 10-12 kilograms. They were sweet, juicy and attractive! 652 tons of first-grade produce went to the local stores.

[Correspondent] Were the "Baranovskiy" specialists and workers interested in the work methods of the Chinese peasants and in their experience?

[Rozhenko] Without a doubt. We are trying to give each other the best, leading [experience]. Our neighbors, for example, are showing a lively interest in our organization of labor and land cultivation, and we are interested in their experience. Specifically, how were the Chinese able to overcome the month's delay in planting? I am sure that their method of work will come in handy to everyone, including also to backyard country farmers. Cucumbers and watermelons are heat-loving cultures, while spring here is cold and long. The Chinese brought with them thin polyethylene film, used it to cover the furrows which we had plowed, and did not enter the field for 2 days. When the soil had heated up (under the film there was even some condensation), they began planting the seeds.

This is very simple to do. The worker goes along the row and punches holes in the film with his finger at equal intervals. He pushes the seed down to a depth of 2-3 centimeters, and covers it with a handful of dirt. When the plant has grown to a height of 30-40 cm, half-meter long poles are set up along which the cucumber vines will grow. It is interesting that in harvesting the crop the peasant does not have to bend over and does not get as tired. All the produce is clean, and there is no need to wash, sort or dry it.

I would especially like to note the very strict accounting of what has been raised. Every peasant has a scale. He keeps a record of the produce which he submits, down to the gram. Once they loaded a truck with watermelons, and there was a discrepancy in weight. Our workers would have shrugged it off: They will re-weigh it at the store, they would say. But the Chinese unloaded the truck in a business-like manner, re-weighed everything once again, and apologized for the error. And furthermore, no one treats anyone in the field. If you want a taste—you're welcome. But first you must pay for the fruit in which the labor has been invested. We could use such zealotry...

[Correspondent] Are there plans to increase the number of Chinese workers?

[Rozhenko] It will all depend on the work volume. During the intensive period there were up to 300 people working on building the plant. Moreover, in "Baranovskiy" our neighbors built two hothouses for growing

seedlings and vegetables on an area of 560 square meters, and now they are building 6 cowsheds to accommodate 1,200 cows. A 50-passenger auto station has been placed into operation. A little later we will start building a trade center, restaurant, hotel, residential houses and other facilities. We will improve the villages and their production facilities on a broad front.

[Correspondent] Anatoliy Vasilyevich, under what conditions are the contracts on giving mutual aid concluded?

[Rozhenko] You have asked one of the main questions, which is not so easy to answer. While helping Pogranichniy rayon with labor resources, the Chinese province is asking of us primarily lumber, cement, mineral fertilizers, and fish. The party kray committee and krayispolkom are obligated to orient the planning and supply organs toward the re-allocation of fund materials, to cut to the quick, as they say...

[Correspondent] What would you propose?

[Rozhenko] One thing: We must increase our funds on these materials and the goods for Primorskiy kray. And it is the central departments which must do this. Do not think that I am pursuing mercantile purposes. Let us judge objectively. Every year our kray receives many millions of rubles worth of government allocations for meat, dairy products and other goods. A bundle of money is spent on shipping produce across the entire country. Thus, perhaps it would be more expedient to spend this money on creating a material base for the Primorskiy village so that it will operate reliably and feed the kray with its own meat, milk, potatoes and vegetables?

Border relations are actively developing today. In Lesozavodsk, the construction of a brick plant for output of 40 million pieces of brick per year is being planned. Chinese workers will not only do the building, but will also operate the enterprise. They will also, as I have already stated, build social-cultural-domestic facilities, and production buildings and structures in the villages. Perhaps in the near future we will be able to depart from the supply of raw materials, fertilizers and materials to our neighbors, but for the present time we cannot offer them any worthwhile goods: there aren't any!

[Correspondent] Anatoliy Vasilyevich, as chairman of the rayispolkom, what worries and disturbs you most about the formulation of border relations?

[Rozhenko] First of all, the railroad station at Grodekovo, or rather its condition. Every day 80-120 people, and sometimes more, cross the Soviet-Chinese border. Yet there is no customs hall. The question of passenger transport has also not been resolved. So many people are jammed into a single railroad car that they are forced to stand in the aisles and landings. In connection with the sharp increase in cargo flow in both directions, up to 600 railroad cars a day are backed up along the railroad lines and sidings. Many officials have come here to visit, including the deputy minister of railways and the chief of the highway administration, but there have been no changes.

There are also problems of a different order. In connection with the newly emerging ability of Soviet enterprises to enter into foreign partnership, some of our managers have managed to obtain imported radio and video equipment, tape cassettes and other goods which in no way affect the increase in economic effectiveness of the enterprises entrusted to them. Therefore, I would propose creating a coordinating council to regulate the purchase of certain goods abroad, so that certain managers will not be tempted to get rich at the expense of the state.

The time has come to create an appropriate service or apparatus on border relations under the rayispolkom. It is enough to say that almost every day I meet with representatives of the Chinese province, receive delegations, conduct negotiations, sign documents, etc. Meanwhile, my primary work is put off. We cannot consider these and other problems to be of secondary importance, and we must resolve them quickly and with a knowledge of the matter.

[Correspondent] The concerns, Anatoliy Vasilyevich, are not simple, but pleasant...

[Rozhenko] That goes without saying. In recent times, I have visited the Chinese People's Republic 7 times. I know many managers and specialists personally and maintain friendly relations with them. Our frequent meetings always take place under pleasant surroundings. We are glad that we have lived to see the present day, when we can extend to each other the hand of help and brotherhood.

**Dialogue With Rebels Needed for Guatemalan Peace**

18070159 Moscow SOVETSKAYA ROSSIYA  
in Russian 14 Mar 89 p 3

[Article by S. Meshcheryakov: "Two Are To Blame for the Conflict"]

[Text] A peaceful settlement of the conflict in Central America is a complex and in many respects uniform process owing to the similarity of situations in the region's three states, that is, Guatemala, El Salvador, and Nicaragua, where the cessation of the military confrontation and attainment of national reconciliation are the main tasks. All this is seemingly understood, but in the meantime the war continues. While looking over tapes of telegraphic agencies, I found a report from Washington, where Guatemala's President Vinicio Cerezo visited recently. At a meeting with U.S. Vice President Dan Quayle he again came out against negotiations with the armed opposition. There is nothing new in this statement. After the unsuccessful attempts to begin a dialogue the government and the army took an uncompromising stand.

The fact that the internal conflict in Guatemala cannot be solved by force is clear to any sensible person. The bloodshed has been going on for 30 years, but there are no winners. With the arrival, after three decades of military dictatorships, of the civilian government of Christian Democrat Vinicio Serezo the hope of attaining national reconciliation appeared, especially as the new administration declared its intention to begin a dialogue with the rebels and endorsed a peaceful settlement of the conflict in the region, signing in August 1987 the document "On Ways of Establishing a Lasting and Long Peace in Central America." Thus, the solution of Guatemalan problems became a part of the process of improvement in the general situation in the region. As it was, however, the promises and commitments remained an empty sound.

A year ago the international commission for the verification and control over the fulfillment of agreements on a settlement in Central America reached the conclusion that the measures taken by the authorities to fulfill the agreement adopted by heads of five countries in the region were of a formal nature. In fact, a commission on national reconciliation was established, but reconciliation did not ensue. An amnesty for the rebels was declared, but, in practice, no one could take advantage of it. The refugee problem was not solved. About 100,000 Guatemalans, most of whom left the country in the early 1980's during antirebel operations, when more than 10,000 people died and more than 100 villages were destroyed, live in Mexico to this day. Violations of human rights continue. In 1988 the country's procuracy received 1,200 statements on crimes, in which military men were implicated.

However, the chief thing is that there is no progress in the dialogue with the rebels. The sides mired in hostility and mutual distrust were unable to reach any agreement whatsoever. The meeting in Madrid between government delegations and partisans, which was held in October 1987, ended without results. I happened to be in Spain at that time and I followed its course. From statements by delegation representatives I got the impression that the sides were not ready for a compromise, because the approaches to the solution of internal political problems were opposite and, moreover, there was no desire to understand that without the cessation of an armed confrontation the talk about a political settlement remained a deception or a self-deception. The Madrid meeting was not the only attempt to find points of contact. A dialogue between the representatives of the armed opposition and the delegation of the commission on national reconciliation was held in San Jose, the capital of Costa Rica, last August. And again no results.

Is the attainment of an agreement possible in the present situation? Hardly. The authorities and the military understand national reconciliation as the partisans' unconditional capitulation and refer to Guatemalan agreements, which state that negotiations can be conducted only with those who have laid down their arms and joined political life. But then what is to be done with the article of the same document, which calls for a national dialogue, in which the partisans as a force enjoying a certain political influence should participate? For now, however, the army, as before, promises to put an end to the armed opposition in the very near future. The appeals by the leadership of the partisans to sit at the negotiations table are considered an admission of their military defeat.

The rebels, whose number, according to different estimates, ranges from 1,500 to 3,500, believe that a significant part of the population supports them and demand their participation in the solution of the country's fates. From their point of view, the present government meets neither the economic nor the political interests of the people. They come out in favor of the implementation of a radical agrarian reform, granting of real guarantees for democracy, and creation of a wide national front, which includes progressive-minded military men and is capable of working out the model of Guatemala's future development.

National reconciliation is hard to attain, but necessary for the war-ravaged country, which spends more than 30 percent of its modest budget on military needs. Whether it will become a reality depends on both sides and their ability to rise above egoistic considerations, overcoming mutual distrust, and to give serious thought to Guatemala's future.



**Argentine Presidential Candidate Menem  
Interviewed**

18070233 Moscow SOVETSKAYA ROSSIYA  
in Russian 25 Apr 89 p 3

[Interview with Carlos Menem by I. Deyev: "Outstripping Rivals"]

[Text] The "Kazakhstan" motor ship softly divides the suddenly appearing ocean wave. Sea gulls serenely glide in the air, bathing in the morning sunrays of the departing summer. Buildings and structures of the Argentine port of Puerto-Madryn come into view from behind the coastal bend.

It is 3 pm. Carlos Saul Menem, the Justicialist Party's candidate for the post of president, is about to arrive on the "Kazakhstan" in a few minutes. As part of his pre-election trip throughout the country's southern regions, where well-to-do Argentines gather for rest during the summer and fall season, he also visited Puerto-Madryn. Having found out about the arrival of the Soviet ship, Menem, through our representative, asked the administration of the "Kazakhstan" to receive him.

I try to reproduce in my memory the little that is known to me about the 53-year old candidate from my colleagues' words and from what I have read. Menem is known in Argentina as the governor of the poor and sparsely populated province of La Rioja and the "second man" in the Justicialist Party, or, as it is still called, the Peronist Party (named after one of its chief ideologists—General Juan Peron). Menem comes out for a new type of renewed Peronism in keeping with the fight for democratization that has developed in Argentina. A descendant of Syrian immigrants, who moved to Argentina after the collapse of the Ottoman Empire in 1918, he did not immediately break into big politics. Menem is a former car racer. At one time he had quite good contacts in the sphere of show business. During the rule of the military regime, which existed in the country from 1976 to 1982, the present candidate, known for his disloyal attitude toward the military authorities, was thrown into prison, where he spent a full 5 years.

This "trump card" is now quite often used by his supporters in the course of the pre-election campaign.

The program put forward by Menem contains ideas and proposals, which take into consideration the interests of both the most left- and right-wingers. Thus, despite many disagreements with the Communist Party of Argentina, some ideas of the Peronist candidate find support in the CPA, in whose defense Menem has come out in connection with the terrorist acts, which to this day are committed by right-wingers against communists. Some proposals also find an approving response in the ranks of the military, because Menem more than once criticized Alfonsin's government for the fact that it could not assess properly "the worthy representatives of the Argentine army" and came out for an increase in the

salaries of the military. What is this: a lack of principles or political flexibility? We will not rush with conclusions. Let us listen to Menem himself.

Members of the Argentine security service began to bustle about in the lobby near the boarding ramp and the journalists, who came to the meeting, perked up: A small launch moored to the ship. A gray-haired short man in very old jeans came out from it.

"If the elections were held today, Menem would inevitably become president. After all, representatives of all social strata support him," my colleague Dario Del Arco, a correspondent of the DAN Argentine Information Agency, tells me. "He now has more supporters than any of his rivals. And their number is growing constantly." In fact, according to the latest public opinion polls, 28.4 percent of the voters support Menem. The Peronist candidate has defined his chief rival—Eduardo Angeloz, candidate of the ruling Radical Civic Union, whom 23.1 percent of the voters support now. In the opinion of many observers, only a coalition of parties can really counteract Menem. Realizing this, Menem's supporters fight for the abolition of the right to form coalitions. However, the outcome of the voting on 14 May depends on to whom those that have not yet made their choice will give their preference.

"What is the secret of your success? In what does your program attract voters?" I ask Menem, whom some journalists right now call "Argentina's future president," while others nickname him a "demagogue."

[Menem] It meets the interests of the entire population. First of all, we proceed from the need to consolidate all forces for the purpose of improving the country's economy and pursuing a policy aimed at reaching "social consent," that is, concluding an agreement among entrepreneurs, the state, and workers with a view to spurring on a "revolution in production."

[Correspondent] Mr Menem, in your pre-election program what significance do you attach to problems of development of foreign economic relations?

[Menem] We are for a more flexible approach to the policy of customs tariffs, for an expansion of relations with other countries, and for an increase in the commodity exchange. Argentina must not develop in an isolated manner and shut itself off from the outside world. We have lost a great deal by withdrawing into ourselves. Internal discords, which have disunited the population, have also done considerable damage to the country.

[Correspondent] Mr Menem, in your program what place do you assign to Soviet-Argentine relations?

[Menem] Without any doubt, Argentina's business circles are interested in contacts with the USSR. We are extremely interested in preserving the old positions on the Soviet market, which are profitable for us, especially

as, owing to the restructuring in the mechanism of foreign trade, it has become more flexible and effective. From now on, however, we would like not only to limit ourselves to deliveries of grain, meat, and other raw materials to the Soviet Union, but also to more persistently push industrial products to your market. A more versatile nature should be lent to our contacts.

[Correspondent] Mr Menem, what is your attitude toward the painful problem connected with the presence of Great Britain on the Falkland Islands?

[Menem] The Falkland Islands should again become Argentine, even if we have to shed blood for this.

Later on I found out that this statement by Menem, which he made repeatedly at meetings, was met with extreme hostility not only by his outspoken opponents, but also by his closest supporters. Things got even to the point where he was accused of "political ignorance."

From a report by the EFE Agency I learned about Menem's statement that the metaphor that he had used when speaking of the Falkland Islands was taken too literally.

What can explain the success of the Peronist candidate? On the one hand, the decline in the prestige of radical President Alfonsin helps Menem "to score points." Today, on the eve of the elections, one can often hear reproaches against him to the effect that, owing to his continuous handshakes abroad, he completely forgot about the need to seriously engage in politics in his own country.

There is no doubt that the economic and financial difficulties, which Argentina experiences today, also play into the hands of the Peronist candidate. The government headed by the representative of the radical party, which is the main rival of Peronists in the present fight for the presidential chair, showed its complete helplessness in the face of the inflation, which reaches 15 percent per month, high cost of living, and decline in the standard of living.

**Current Situation in Burma Assessed**  
*18070161 Moscow SOVETSKAYA ROSSIYA*  
*in Russian 15 Mar 89 p 5*

[Article by Ye. Shevelev, Rangoon-Moscow: "Like a Fire on a Peat Bog"]

[Text] Goodwill is perhaps the most characteristic trait of the Burmese people and a smile is the facial expression "on duty." During the 5 years of my work in this country I did not observe a trace of aggressiveness even under such stressful situations as a near car collision (when, as a rule, our drivers splash out a whole Niagara of "understandable" emotions). Of course, no nation can be idealized. However, having gotten to know these people, against one's will one asks the following question: To what bitterness did they have to be brought in order for them to punish their opponents with such a cruel torture? During the people's actions against the bureaucratic regime, which swept over the country last summer, many of those suspected of being agents of special governmental services sent to the population were beheaded...

After the military command assumed power "temporarily, for the restoration of calm and order" in Burma on 18 September and demonstrations and a general national strike were suppressed, political passions in the country seem to seethe around one question: Will the "free and honest elections" promised by the government be held or not? In any event the more than 230 parties formed during the incomplete 6 months (the authorities simply were no longer able to preserve the monopoly existence of the Burma Socialist Program Party) and their confrontation with the leadership are for many journalists the sensation that seems to overshadow other events. Of course, after the political lethargy imposed on the country for four centuries the organized opposition, which emerged in the course of last year's spontaneous actions by the population, is a bright phenomenon in the country's life. It seems, however, that, ultimately, the fate of the regime will be determined not by its ability to suppress its noisy competitor, that is, the opposition parties, which have not yet emerged from their infantile state, but by the situation in the national economy.

Although, according to the testimony of the foreign press, an outward calm has now been restored to a certain extent, the situation in the country resembles a fire on a peat bog. These days the economic situation is even more tragic than a year ago. The further slump and disorganization in production have become sharply aggravated owing to the freezing of state financial assistance by Burma's main foreign donors—Japan and the FRG—as well as by other EEC countries and the United States. According to an evaluation by the Reuters Agency, Rangoon annually received from them about 500 million dollars. Considerable sums from these subsidies, as from UN assistance, were stolen and the efficiency of utilization of the remaining part was low.

Nevertheless, the influx of funds from abroad was one of the basic, if not the main, float supporting the functioning of the Burmese economy.

Although the military government declares that it is "outside politics" and is engaged only in safeguarding law and order for the sake of preparing and holding general elections, a little more than 2 months after accession to power it announced the implementation of a whole series of economic reforms. Part of them proclaimed an expansion of the freedom of private enterprise inside the country, including in the sphere of proximal border trade. However, the authorities realized that under conditions of the sharp decline in national production a private barter with contiguous states would not reach even the beggarly level of the middle of the 1980's, when under conditions of the absolutely unreal, but—in words—scrupulously observed, state monopoly of foreign trade a considerable part of the goods was smuggled. Moreover, although in November the government "prohibited" corruption, taking appropriate signed statements from all employees without exception, under conditions of the general decline in the standard of living in the country the bribery of officials became so widespread that it greatly exceeded the previous "additional" expenses of entrepreneurs, including the payment of "taxes" to rebel groupings, through whose zones smuggling routes passed. These circumstances, as well as the population's deep distrust of the state, including its "guarantees" for private business, greatly paralyze the opportunities for national enterprise, which, as it is, are not extensive.

In its financial and economic policy the regime took the biggest gamble on the "open door" policy, not on activating citizens' initiative fraught with its weakened control over the country. At the end of November the army leadership issued a law on foreign capital investments, which, according to the statement by a representative of military authorities, granted foreign investors "the best conditions in the world." Probably, the generals expected that crowds of foreign businessmen would rush to Burma, which opened after a self-isolation of four centuries, and would wrest from each other the right to invest their capital in one of the potentially richest countries in Asia. For now, however, Burmese authorities have not experienced joyful troubles in connection with the selection of the most profitable out of the thousands or at least dozens of proposals by foreign investors. The persisting internal political tension and uncertainty with respect to the country's future and, along with them, the lack of sufficient guarantees for the interests of foreign firms are the main reason for this. In the recently published official annual report by the U.S. Agency for International Development Burma is defined as a "world leader" among countries with the worst conditions for investments. Therefore, as the journal FAR EASTERN ECONOMIC REVIEW notes, foreign private capital preferred to play a waiting game and not to rush to risk money for the sake of the "Burmese pie," which is more than doubtful now.

Under conditions of the catastrophic financial status (according to a report by the well-informed journal ASIA WEEK, a few weeks ago the treasury had no more than 10 million dollars) the regime began to sell the country's national wealth at giveaway prices.

Correctly counting on vast profits, Rangoon's present "partners" virtually risk nothing, because they "cooperate" with Burma, keeping away from it and its problems as far as possible. From all these deals predatory for the country the military administration can count on receiving only pitiful financial crumbs—according to estimates, only 35 to 40 million dollars annually.

Meanwhile, life for the population is becoming more and more difficult, although quite recently it seemed that the limit had been reached. Inhabitants are so worn out by dire straits that, according to a Reuters correspondent, they would agree to any government if only it lowered prices.

#### USSR Culture Minister on USSR-PRC Cultural Ties

18070272 Moscow SOVETSKAYA ROSSIYA  
in Russian 11 May 89 p 3

[Interview with V.F. Zakharov, USSR minister of culture, by Ye. Babenko and I. Veksler]

[Text] *We are well aware that the USSR Minister of Culture V.F. Zakharov is an extremely busy man. But still we resolved to get an interview with him. For his topic—our cultural ties with the PRC—is attracting the attention of many people today. This is easily explained: the interest the ancient Chinese civilization has held for us is far from fully satisfied. The same thing can be said about Soviet culture as it is viewed in modern China.*

[Zakharov] You are right, agrees Vasily Georgiyevich, who received us in his office in Staryy Arbat. For about 20 years the relations between the two countries have been "frozen," and not just in the area of culture. Incidentally, before that the Soviet Union and nationalist China were linked by the closest ties of friendship. We do not want to tire our readers with figures, but still I shall mention a couple of them. For example, during the period of 1949-1958 134 Chinese artistic collectives performed in our country and more than 100 films produced in the PRC were shown. During this same period approximately the same number of Soviet artistic groups visited our great neighbor and almost 750 (!) Soviet movies were seen by about 2 billion Chinese viewers...

Cultural exchanges were resumed in 1985. And I must say at the outset that this process is typically becoming more active and more profound. I think we have every reason to look to the future with optimism. Culture, as we know, is actually a source of life and cannot tolerate stagnation, and therefore we are especially glad about each step forward in our bilateral ties.

[Question] Vasily Georgiyevich, the plan for cultural collaboration between the USSR and the PRC during 1988-1990 was signed exactly a year ago.

[Zakharov] Yes, that was a significant step forward in the broad sphere of our humanitarian relations. How do we understand these relations? They mean the development of living contacts among people and the exchange of spiritual wealth. A nation that has experienced the joy of perceiving the culture of another nation, cannot foster hostile feelings toward them. It was with this attitude that we signed this important document.

We and our Chinese partners have already summed up certain results of recent years. I should like to note, in particular, such new and at the same time well-recommended forms of ties as exchanges of directors, producers, and representatives of other creative professions. Direct contacts among cultural figures, in our view, are an especially promising area with great possibilities.

[Question] Specifically?

[Zakharov] I am pleased to note the resumption of friendly contacts between the Moscow State Conservatory imeni P.I. Chaykovskiy and the Central Peking Conservatory. I am told that many Chinese musicians still have a fresh memory of Soviet instructors who taught in China at one time. I hope that the new seeds of friendship will fall on fertile soil.

And how can one not recall the cultural measures conducted in China in connection with the 70th anniversary of Great October. We appropriately took note of the fact that this date was widely celebrated in the PRC.

[Question] Where do you see the plan's innovation and what prospects does it open up?

[Zakharov] A person who does not look far ahead is inevitably beset with immediate problems. This is what Confucius said. Perhaps 3 years is not a long period of time, but something else is important: additional possibilities of deepening out ties actually are opening up. The plan stipulates that during these years the number of institutions of culture and art cooperating with each other in our countries will increase four-fold during this period. In the world of music this means the establishment of Leningrad and Shanghai and between the choreographic institutions of Moscow and Beijing, and other cities of the two countries.

About the qualitative side of our ties. We are sending to the PRC the best Soviet collectives who are known throughout the world. I cannot but recall the great success of the tour of the Kuban Cossack chorus which was greeted warmly by Chinese viewers everywhere. And in the future there will be appearances of the ballet troupe of the USSR Bolshoy Theater, which coincides with the 40th anniversary of the People's Republic of China and tours of the Soviet circus. We have also

reached an agreement to exchange eminent producers and directors. Cooperation between the recording companies Melodiya and China Records will enliven our ties to a considerable degree.

We have decided to develop in the future such a promising form of exchanges as putting on plays and sending groups of stage performers to one another.

[Question] This forward development is gratifying, of course, but there are probably problems as well...

[Zakharov] There are. Unfortunately, we have not yet received an agreement to Soviet proposals for reciprocal exchanges of soloists and independent collectives. The Soviet public is also interested in solving the problem of conducting large-scale exhibitions from the leading museums of the two countries. Thus we think it would qualitatively improve our ties to have equal exchanges of students and probationary workers through the lines of the culture ministries as well as instructors for scientific research work. There are plenty of ideas and work.

[Question] We are on the threshold of M.S. Gorbachev's official visit to China, during the course of which prospects will be outlined for the future of Soviet-Chinese relations.

[Zakharov] This will undoubtedly exert an influence on the further development of bilateral ties in the area of culture. A feeling of deep satisfaction is produced by the fact that mutually advantageous cooperation between the Soviet Union and the PRC is gathering speed. As M.S. Gorbachev noted in his book "Perestroika and the New Thinking for Our Country and the Entire World," "In China we see a great socialist power and we are taking practical steps so that Soviet-Chinese relations will develop successfully in the channel of a good-neighbor policy and cooperation."

The Soviet Union is following with great interest the development of Chinese culture and expansion of our contacts. It is possible to give many fresh examples. During past years we have published more than 110 titles of books by Chinese authors, including modern ones. A multivolume "Library of Chinese Literature" is now in the works.

The peace-keeping role of culture has increased in our day as never before. Socialist countries and democratic forces are striving to establish the new political thinking in international ties. It is precisely this that should be served by the concrete actions in the area of humanities.

### **Economic Ties With China's Heilongjiang Province**

18070219 Moscow SOVETSKAYA ROSSIYA  
in Russian 7 Apr 89 p 5

[Interview with Bang Yaochen by I. Nekrasov: "A River Connected Us"; place and date not given; passage in boldface as published]

[Text] A delegation of the Foreign Relations Committee of the Chinese Province of Heilongjiang visited our country at the invitation of the RSFSR Ministry of Foreign Affairs.

A great deal is now said and written about China. Literally everything is of interest—from economic reforms to national types of wrestling and prescriptions of folk medicine. This is not surprising. One always wants to know more about one's neighbor. "The Amur River not only divides, but also connects, us," says Bang Yaochen, chairman of the Foreign Relations Committee of the Chinese province of Heilongjiang, which borders on the Soviet Far East. Our correspondent talked with Bang Yaochen on the eve of the delegation's departure from the USSR.

[Correspondent] Your visit to the USSR occurred on the eve of an important event—the forthcoming top-level Soviet-Chinese meeting. Mutual interest and cooperation are now the chief things in relations between our countries. Therefore, a great deal depends on specific executors and local authorities. The first question concerns the proximal border trade of Heilongjiang Province with Soviet partners. What are its rates?

[Bang Yaochen] Beginning in 1988 the mutual trade turnover has been growing constantly. Whereas at the very beginning its volume totaled about 30 million Swiss francs, last year export-import deliveries according to the concluded contracts were fulfilled in the amount of 550 million Swiss francs. These figures speak for themselves.

[Correspondent] In fact, there is a growth. What products are in special demand on the banks of the Amur?

[Bang Yaochen] Light industry products and consumer goods are sent from Heilongjiang Province to your country. From the Far East we receive primarily timber, cement, metal, and glass. In China there is now a true construction boom and we are in great need of such products with the mark "made in the USSR."

Three proximal border passage centers—one railroad and two river centers—operate now. During our trip we made a proposal to open another six water passage centers and one motor vehicle center, as well as to expand and modernize existing ones. Our Soviet colleagues supported such a plan.



[Correspondent] Trade is one of the areas of cooperation. Production cooperation between Chinese and Soviet enterprises and organizations in proximal border regions and, possibly, the establishment of joint firms could become the next stage in its intensification.

[Bang Yaochen] We are very interested in cooperation and all the more so on a long-term basis. During our trips there were many useful meetings at various levels. In my opinion, economic and scientific-technical cooperation should become the main form for both sides. Some joint projects are already beginning to be implemented and some are at the stage of development. For example, we have good relations with scientists from the Siberian Department of the USSR Academy of Sciences, which a scientific delegation from Heilongjiang Province has already visited twice. We also give thought to problems concerning the establishment of joint enterprises.

[Correspondent] During the trip throughout the Soviet Union you had the opportunity to compare the course and results of perestroika in our country with economic transformations in China. What useful things have you derived for yourself? What was of interest to your Soviet colleagues from the experience of the Chinese reform?

[Bang Yaochen] Wherever we were—in Moscow, Leningrad, Novosibirsk, Irkutsk, or Bratsk—we felt the activity and realistic and balanced approach of the Soviet people to the cause of perestroika. This became for us the chief and, I will not hide, most pleasant discovery. In my opinion, without such a frame of mind perestroika is impossible. Furthermore, the economic reform, the transfer of enterprises and organizations to full cost accounting, and their entry into the foreign market are of great interest to our delegation. For example, we have learned many useful things about the introduction of full cost accounting at the well-known Leningrad Elektrosila Association, about whose experience we will surely tell our production workers. We have also heard many interesting things about perestroika in the work of party committees of enterprises and organizations.

Our Soviet colleagues have often asked us about the reform in the planning system, reduction in the number of directives, and experience in the market control of the work of enterprises and organizations.

[Correspondent] You are chairman of the Society for Chinese-Soviet Friendship in Heilongjiang Province. In what does the society's work consist? Do Chinese and Soviet citizens meet often?

[Bang Yaochen] Our society has five collective members. Basically, they are enterprises, higher educational institutions, and organizations. In China there is now an unusually great interest in the Soviet Union. Therefore, when someone returns from a trip to your country, without fail he talks about what he has seen and about his meetings and impressions. Now, after my return, I will also have to speak before friends from the society

more than once, especially as this trip has been very interesting and useful. Incidentally, last year alone about 2,000 residents of Heilongjiang Province visited the Far East. The purposes of the trips were different—trade, scientific, and under the auspices of friendship societies. Many Soviet guests also come to us. We are now waiting impatiently for a delegation of physicians from Blagoveshchensk. Last year there were also meetings of sportsmen. We hope that women's delegations will soon visit each other and in the near future, youth and schoolchildren, who are now especially willing to learn the Russian language.

#### Lessons of PRC Agrarian Reform

18250137 Moscow *EKONOMICHESKAYA GAZETA*  
in Russian No 13, Mar 89 pp 17-18

[Article by L. Volkova, candidate of economic sciences and senior scientific associate at the Far East Institute of the USSR Academy of Sciences]

[Text] After developing successfully in the first half of the 1980's, Chinese agriculture is experiencing definite difficulties at this time.

Which factors were decisive in securing the rapid development of the agrarian sector of the economy from 1979 to 1984? The changes in the sphere of economic organization, especially the transfer to the family contract system, constituting the basis of the first phase of economic reform in rural areas, played the main role in the growth of agricultural production and the revitalization of the rural economy. This had a favorable effect on the development of the entire national economy and on the possibility of effecting reforms in other sectors.

#### Results of First Phase

The rate of economic development in rural areas was much quicker. The gross agricultural product increased by almost 75 percent between 1979 and 1984, with an average annual rate of increase of 9.5 percent. The Chinese press commented on the heightened productivity and intensity of peasant labor. The grain output increased substantially: from 304.8 million tons in 1979 to 407.3 million in 1984. The average annual rate of increase in grain production was 6.2 percent.

The most significant result of the first phase of agrarian reform was the "essential resolution of the problem of supplying food and clothing" to the population of a billion, which was officially announced when a large harvest was gathered in 1984, representing 400 kilograms of grain per capita.

The growth of agricultural production and especially of the grain output provided momentum for the intensification of social division of labor in rural areas. This, in turn, stimulated the development of commercial relations and the modernization of the rural economy. There were positive changes in the production structure in

rural areas. Non-agricultural branches began developing at a rapid rate: industry, transportation, trade, construction, and services. The average annual rate of increase in the gross product of enterprises in these sectors was 28 percent from 1979 to 1987.

The result was a rise in the standard of living of the Chinese peasantry. The net per capita income of the peasant family rose from 160 yuan in 1979 to 463 yuan in 1987—i.e., it increased 2.9-fold, or, with adjustments for price increases, it almost doubled. Housing construction was developed on a broad scale. Chinese peasants associate the improvement of economic conditions in rural areas, including the improvement in their financial status, primarily with the transfer to the contract form of economic management. According to the results of a public opinion poll conducted in 1988 on 10,000 peasant farms, 92.8 percent of the respondents felt that this was the deciding factor.

There is no question that the significant rise in the purchase prices of the main products of agriculture and ancillary crafts in 1979 also played an important role in the growth of agricultural production. The prices of 18 types of products rose by an average of 22.1 percent, including a 20-percent rise in the price of grain purchased in accordance with the centralized procurement plan and an increase of up to 50 percent in the price of grain sold over and above the plan. Peasant profits amounted to 12 billion yuan.

The broader use of achievements in agricultural technology and progressive equipment also contributed to production growth. Chinese experts have estimated that this was the reason for up to 30 percent of the increase in agricultural crop yields. Fertilizers and pesticides were used on a much broader scale in the 1980's.

The transfer of a high percentage of the means of production once owned by collective farms to peasant farmsteads on the basis of purchase or lease agreements and the authorization of peasants to buy their own tractors and other agricultural equipment and vehicles heightened the autonomy of families and increased their responsibility for the results of production. Large and medium-sized agricultural implements, livestock, and other property worth more than 12 billion yuan were turned over to the peasants, and by the end of 1985 they had taken possession of 55 percent of the fixed productive assets.

According to Chinese researchers, the lack of serious natural disasters from 1980 to 1984 was another decisive factor in the stable development of agriculture during those years.

The growth of agricultural production began to slow down, however, in 1985. Although the rate of increase in the gross product from 1985 to 1988 was only slightly lower than the rate from 1980 through 1984, there was a decrease in the output of such major agricultural crops as

grain and cotton. The grain harvest in 1985 was below the 1984 figure by 28.2 million tons and amounted to 379.1 million, and the grain output in 1986 and 1987 was 391.5 million and 404.7 million tons respectively, but in 1988 there was another slight decrease. The 1984 level of grain production was not reached between 1985 and 1988. In 1988 the cotton harvest amounted to 4.2 million tons, or 33 percent less than in 1984.

The disparity between grain production volume and the demand for grain has grown more pronounced in recent years. The population is growing at a rate of more than 10 million a year, and part of the grain is being exported or used for the development of animal husbandry, and total demand is increasing at a rate of 10-15 million tons a year. Grain production, however, has reached what Vice Premier Tian Jiyun of the PRC State Council calls a standstill. China has had to import more grain and has once again become a net importer of grain in the last few years. In order to maintain a per capita level of 400 kilograms of grain, the output in the year 2000 should be at least 500 million tons. An annual increase of 2 percent in output has been planned for the purpose of achieving the necessary increment of 100 million tons.

#### Causes of Slump

The reduction of the output of grain and some other crops after 1984 was due to several causes, directly or indirectly connected with forms of production organization in rural areas and processes occurring throughout the national economy. There has been a steady tendency toward the reduction of arable land, sowing area, irrigated land, and areas suitable for mechanized plowing in recent years. The 1979 indicators for these were never reached again after 1984. The reduction of soil fertility as a result of the predatory use of the land and smaller investments in farming also became a serious problem. The yield of grain in 1985 and 1986 was 3.7 percent and 2.5 percent below the 1984 figure. It rose slightly in 1987, to 0.4 percent above the 1984 figure, but it declined again in 1988.

When we analyze the causes of reduced grain output we must consider the influence of natural disasters, the destructive effects of which were augmented in 1985-1988 because reduced volumes of irrigation construction and other projects for the organization of farming diminished the ability to counteract these effects.

One of the main reasons for the slump in grain production is the inadequate capital invested in agriculture by state and local government and by the peasants themselves. There was almost no increase at all in state capital investments in agriculture from 1985 to 1987. They amounted to 3.5 billion-3.7 billion yuan, or only 3-3.5 percent of all capital investments in the national economy. This was the lowest level since the time of the country's liberation.

Capital investment in agriculture has also been reduced considerably on the provincial level. In several regions the funds allocated for irrigation construction do not even cover the maintenance costs of irrigation facilities. The transfer to the family form of economic operations reduced deposits in public funds and reduced the volume of organizational work performed by peasants, especially irrigation projects. Capital investment on the level of rural districts and communities and investments by peasants in fixed capital amount to around 2 billion yuan a year. The peasants' accumulations and cash on hand, however, are estimated at 270 billion yuan.

The current system of economic incentives gives peasants no reason to increase investments in agriculture, especially in farming. Farming, particularly grain production, is the least profitable sector of the economy for peasants. In the opinion of peasants, the system of contracted purchases of grain and cotton which was introduced as a substitute for centralized purchases in 1985 has few new features: They keep only a negligible part of the grain for free trade on the market—approximately 10 percent of the total output. Peasants feel that purchase prices are too low and they have no incentive to expand production.

The second phase of the reform in rural areas, which began with the adoption of the "Ten Objectives of the CCP Central Committee and PRC State Council for the Further Revitalization of the Rural Economy" in 1985, did not produce the anticipated results in the stimulation of production, although it did contribute to the definite expansion of the sphere of commercial production and distribution in rural areas. In 1987 and 1988 the situation in agricultural production was also affected adversely by the higher rise in the prices of means of production than in the prices of agricultural products.

The difficulties agriculture has encountered in recent years, especially the reduced output of grain, the main agricultural product, have pointed up the need to find ways and means of surmounting negative tendencies in this sector. The materials of the 3d Plenum of the 13th CCP Central Committee and the All-China Conference on Work in Rural Areas (November 1988) suggest that problems in agriculture can be solved by means of the further improvement of the family contract system, the expansion of capital investment sources and volumes, and the active use of scientific and technical achievements.

#### Improvement of Organizational Forms

In 1987 and 1988 the Chinese leadership, researchers, and practical workers began speaking of the need for the organizational renewal of the rural economy. What were the reasons for this? The rural economy is living through a period of the replacement of the old economic system with a new one, a period of transition from traditional economic management to modern methods of economic organization, in which the growth of labor productivity is achieved primarily through a substantial increase in

capital investment. The nationwide transition to the development of commercial production and distribution on a broader scale is also necessitating improvements in the organizational structure of the rural economy.

The augmentation of the scales of economic management appears to be an inevitable tendency in this process and a progressive move in the development of the rural economy. In farming this presupposes an increase in the arable land controlled by the peasants capable of working it most effectively. The optimal amount of plowland is considered to be 15-20 mu per employed person, which is approximately three or four times as high as the current national average.

The size of farms is being augmented in various ways, but the most common method entails the allotment of a small plot of land for personal farming use to the peasant families agreeing to give up their contracted parcels of land. The rest is redistributed among the peasants specializing in farming, usually on the basis of leases.

The possibility of transferring land use rights was legislatively secured by the First Session of the Seventh NPC [National People's Congress] in April 1988 with an amendment to Article 10 of the Constitution of the PRC. The statement prohibiting the leasing of land was deleted. In December 1988 the NPC Standing Committee made similar changes in the "PRC Law on Land Management."

At this time, however, several serious factors are still restricting the enlargement of farms. Above all, these are the insufficient opportunities for manpower to move from farming and agriculture into other branches of the economy and the low level of labor productivity in agriculture. Services and the rural infrastructure in general are underdeveloped, and the supply of many means of production is inadequate. Many peasants lack the resources needed for production expansion. Chinese experts feel that the necessary conditions for the enlargement of farms still exist only in a few regions, located primarily in the suburbs of large cities and in some of the provinces of East China with a comparatively well-developed economy.

Sociological surveys and public opinion polls indicate that most peasants do not want to give up their contracted plot of land. Only 6.2 percent of the 3,200 peasant families surveyed were willing to give up their contracted plots, and 15.6 percent expressed a wish to work a larger plot. Half of the peasant families were pleased with the per capita principle of contract land distribution, and 62.2 percent were satisfied with the size of contract plots.

The "Decision of the CCP Central Committee and PRC State Council on the Struggle for an Abundant Harvest in 1989" lists the augmentation of the size of farms as one of many ways of improving the family contract which could be used in a few regions with conditions

favoring this and, what is most important, with the consent of peasants. According to Chinese leaders, researchers, and practical workers, the coexistence of various forms and types of farms, depending on specific conditions, seems most expedient. They feel that peasants should be given a choice of methods of rural renewal.

Plans call for cooperation by the leading autonomous farm on each peasant farmstead with enterprises, including privately owned firms, scientific organizations, and various cooperative associations for the purpose of improving services and making production more effective and commercial.

### Discussions of Land Ownership

At this time one of the most important questions connected with the contract system is the question of land ownership. The Constitution of the PRC stipulates state and collective ownership of the land. The arable land owned by the state is used by state farms. It represents only a small fraction of all the arable land in the country. Most of the land is collectively owned. In the past the subject of ownership was the production brigade, as an integral part of the commune. After the communes were liquidated, the production brigades gradually ceased to exist. In the middle of the 1950's land began to be managed by rural cooperative organizations in some places and by committees of rural inhabitants in others. This has created some confusion as to land use rights. During the discussions of ways of improving the system of economic relations in rural areas, various changes in forms of land ownership have been suggested. It has been proposed that the state take ownership of all arable land and then lease it or turn it over to peasants for permanent use or as private property. Other options have also been discussed. For example, in line with one proposal, the state would own most of the arable land, and peasants would own the land occupied by subsidiary plots (approximately 9 percent of the total).

The use of other elements of economic policy, including investments, has been proposed for the stimulation of agricultural development. In particular, it has been proposed that capital investments funded by the state budget be increased by 14 percent and those funded by bank credit be increased by 22 percent in 1989. This proposal would also entail the more extensive involvement of peasants in capital construction in the fields and the use of the peasants' own funds for the development of the branch. An agricultural development fund will be established this year.

Larger investments will permit the use of another important factor of production growth—the augmentation of the yield of poor soil. According to estimates, fields producing average or small harvests now represent more than half of all arable land in the country—53.3 million hectares. An increase of 3.75 quintals per hectare in their yield could produce more than 20 million additional

tons of grain a year. The development of virgin lands suitable for cultivation is another promising way of increasing grain production.

The widespread incorporation of agrotechnical achievements is another important reserve for production growth. Some foreign loans are being used for the development of agricultural technology.

Other economic measures will also be taken to secure the growth of agricultural production: An increase in the purchase prices of grain, cotton, and oil-bearing crops is planned for 1989, and peasants who sign contracts for the sale of grain will receive larger supplies of such scarce production requisites as fertilizer, diesel fuel, and polyethylene film. This year there will be no change in the contract grain purchase quota of 50 million tons.

In general, agriculture is now experiencing serious problems, and the economic and social development of the Chinese society will depend on their resolution.

### Future PRC-USSR Transport Ties Viewed 18250163 Moscow GUDOK in Russian 16 May 89 p 3

[Article by Sergey Kulik, TASS political commentator, special for GUDOK: "Guarantee of Good-Neighborly Relations"]

[Text] "I have come to Grodekovo in order to consider with our Soviet colleagues the ways to get a handle together on the transportation problems which have been bothering us," says Li Lianzhou, deputy chief of the Chinese station of Suifenghe. "All of us understand that, following the visit by comrade Gorbachev to the PRC which my fellow countrymen look forward to with tremendous anticipation and interest, relations between our socialist powers will develop. Economic ties will also be expanded, which will bring about an abrupt increase in the amount of haulage. Thus far, over the entire length of our border, 7,500 kilometers, shipments travel at only two points where the Harbin Railroad comes together with Soviet thoroughfares: between Suifenghe and Grodekovo in Maritime Kray, and between the stations Manchuria and Zabaykalsk in Chita Oblast. Even now we are failing to cope with the streams of freight which are coming down on our small stations. What is going to happen? We do not want the capacity of railroads to become the bottleneck in developing Chinese-Soviet economic ties."

This conversation was taking place in the office of the chief of Grodekovo station V.P. Ruban. From what he had told us before the Chinese guests came unexpectedly, we could understand that Vladimir Petrovich shared their concern. The Grodekovo station virtually did not develop during the many years when there were almost no contacts between our two countries. Suddenly, there is a real commercial boom. In the years of the 5-year plan, the volume of freight handled here is to increase by a factor of 5 to 6. In 1988, it exceeded 1.5 million tons,



and by the end of the 5-year plan it will be approximately 2 million. Cross-border trade is developing particularly fast; its volume increased by a factor of 3.1 last year alone.

Meanwhile, there are no technical facilities capable of handling this avalanche of cargo. Things are even more complicated because of differing railway gauges in the USSR and the PRC. Cars have to be transloaded at the border. As far as modern equipment is concerned, Grodekovo can boast only pneumatic loaders, purchased in the FRG and Japan, which transload grain. The rest of the cargo is processed manually.

As a result, the average delay of Soviet cars in Grodekovo increased by a factor of 2 in 1988 compared to the previous year, and that of Chinese cars by 1.5. "Traffic jams" at the station develop continuously. There have been cases when 400 and more Chinese cars accumulated on the sidings; soldiers had to be called in to process them.

"Soviet enterprises involved in cross-border trade are making things quite difficult for us," says V.P. Ruban. "They do not have the necessary experience in foreign economic operations. On occasion, their paperwork is not in order, or they do not produce an export license, or they load 70 tons of fertilizer per car instead of the standard 63. As a result, a lot of cargoes are 'turned back' by either our customs, or the Chinese. At present, more than 170 'abandoned' cars with timber, fertilizer, coal, and even fish are parked at adjacent stations. All of us are terrified of the forthcoming summer season, when the stream of freight picks up..."

A similar picture is characteristic of the entire cross-border trade in the Far East, where railroad employees, river craft personnel, and drivers of motor vehicles are unable to cope with a half of export and import deliveries. Certainly, the way they opted for in the Transbaykal area could be taken. Over there, 6 million rubles was invested in reconstructing and retrofitting stations in 1988, and this year they are planning to expend another 3 million.

For example, the Tyumen-Hongchun railroad under construction in the PRC may be connected with our line in Khasanskiy Rayon. Such a suggestion has already been made by the authorities of Jilin Province; they are ready to export over 700,000 tons of their cargoes through our port of Posyet if this project is carried out.

There are other similar ways as well.

Nonetheless, all of these are palliatives, which have a right to be implemented. However, they will not solve the transportation problems of developing Soviet-Chinese relations in conjunction with the prospects for implementing the Long-Range State Program for the Development of the Far East and the Transbaykal Area

until the year 2000. The program provides for accelerated growth of the economic potential of the region and an increase in its export shipments by a factor of 3 to 3.2. Will Grodekovo and Zabaykalsk, operating at the limit of their capacity, handle such volumes of freight?

Responding to this question in the negative, the party, soviet, and economic leaders of the Far East to whom I talked during my recent trip to the region come out in favor of creating a new powerful, up-to-date transportation center in the Amur area. This center should be somewhere at the mid-point of the Far East region, considering that Zabaykalsk is located in its extreme west, and Grodekovo in the extreme east. Where exactly should it be? Many people believe that Blagoveshchensk is the optimal point.

This oblast center has already become a focus of sorts for commercial links across the Amur "without prior authorization." Last winter, when the ice bound the great river, a "winter route" across it to the Chinese city of Heihe, situated directly opposite, was built for the first time. During the 3 months of winter, 60,000 tons of freight passed through it. This summer, also for the first time, a ferry crossing between Blagoveshchensk and Heihe will be built. There is even a draft for building a railway across the ice-bound Amur. The cost of such 800-meter-long "winter improvisation" will not exceed 400,000 rubles, and, as its proponents believe, will be recouped in the very first year.

"It would not be proper for our two adjacent great powers, which have decided to develop and reinforce our relations, to bank on improvised arrangements which make our trade dependent on the whims of the weather," says First Secretary of the Amur Oblast Party Committee L.V. Sharin. "The prospects for our economic ties are great, the potential is tremendous. This is why up-to-date transportation facilities should be used for them; new routes for the uninterrupted and rapid transportation of freight and passengers should be found. This is why we submitted to the government a proposal for building a railway and highway bridge across the Amur in the vicinity of Blagoveshchensk. It will help to solve two problems: get rid of congestion in Grodekovo and Zabaykalsk, and utilize the Baykal-Amur Main Line. Considerable potential will also appear for the export of raw material resources from the area of the main line to the PRC, their further development and processing within the framework of compensation using the labor resources of China, and for creating with their help a base for the supply of foodstuffs to the areas on both sides of the main line. Using Chinese workers is a very promising endeavor in this region, where we have not been able thus far to take advantage of the potential opened up by the construction of the Baykal-Amur Main Line for the Amur area due to the acute shortage of manpower."

Transportation of cargoes from the central section of the zone of the Baykal-Amur Main Line to the PRC border through Blagoveshchensk is 400 to 500 kilometers



shorter than through the station of Manchuria, and 950 to 1,100 kilometers shorter than through Grodekovo. As they have calculated at the Amur General Research Institute of the Far Eastern Division of the USSR Academy of Sciences, the Blagoveshchensk bridge to China will make it possible to save 5 rubles for every ton of freight. By the year 2000, the volume of freight (calculated at the minimum level of meeting the needs of China) in the tributary area of the Blagoveshchensk cross-border transportation system is estimated to be between 7 and 10 million tons. The overall freight movement through the Blagoveshchensk bridge across the Amur by the beginning of the next century will approximate 25 million tons. This is why they believe at the Amur General Research Institute that the bridge, which will cost 60 to 70 million rubles to build, will pay for itself in as little as 4 to 5 years.

What do they think about it on the right bank of the Amur? They are rapidly extending steel rails to Heihe, counting on a favorable resolution of the issue of building the bridge. As soon as the end of this year, it will connect this city, which is the main partner for the Amur area in the cross-border trade, with the Weiyan Railroad.

"We very much count on gaining access to the Trans-Siberian Line and the Baykal-Amur Line through the Weiyan Railroad and the Heihe-Blagoveshchensk Bridge," told me Wang Yaochen, chairman of the committee for external economic relations of the Chinese province of Heilongjiang, which borders on the Soviet Far East. "It is convenient for the northeastern provinces of the PRC to trade with other countries in this manner. I am certain that empty drafts of cars will never travel through the bridge across the Amur. The stream of freight in both directions is going to be large. Mutually advantageous cooperation is a guarantee of mutual understanding and good-neighborly relations, in which the peoples of our two countries are interested so much."

**South Korean Economy, Relations with U.S. Viewed**  
*18070228 Moscow IZVESTIYA in Russian*  
*14, 15 Apr 89 Morning Edition*

[Article by S. Agafonov, special correspondent (Seoul-Tokyo): "Adding Strokes to a Portrait"; passages in boldface as published]

[14 Apr 89 Morning Edition p 5]

[Excerpts] The country located in the south of the Korean peninsula, a country with a population of 42 million, a rapidly growing economy, and more than serious ambitions which certainly did not emerge from a vacuum, is frequently called "the new Asian phenomenon," "another Japan," or even the "economic miracle" of the late 20th century. In themselves, these epithets reflect nothing more than emotions, but they do attract attention and force us to take a more penetrating look at South Korea, even if only from afar. Of course, the view from afar is interesting, but

it is clearly inadequate for an understanding of this country and of all the intricacies making up its phenomenal political, economic, and social portrait, which is unparalleled.

I.

[passage omitted] From the very beginning, the central slogan of the sixth republic (this is the name given to the administration of President Roh Tae Woo, who had been in office a year last month) has been the terse appeal for the defense of political stability through the support of continued economic development. The slogan is worded in simple terms so that people will understand that the future of South Korea will not be lost in the mazes of politics, but in the business offices of corporations, banks, and firms, and that successful business is the country's main passageway to tomorrow. What are the general features of the South Korean economy today?

Its rate of growth is one of the highest in the world: over 12 percent a year in the last 3 years, although the indicator was -5.2 percent as recently as in 1980. The rate of inflation from 1986 to 1988 was 3-5 percent (almost 45 percent in 1980). The rate of unemployment is recorded as 3 percent, which is not high at all in comparison to the situation in the world as a whole (around 5 percent in the early 1980's). South Korea's foreign debt, which had been holding the country back, like weights on an athlete's legs, shrank from almost 47 billion dollars to 31 billion in just 4 years, and by 1991 the country plans to move from the debtor column in world financial statistics to the position of a creditor, relying on its rapidly growing exports (30-50 percent a year) and its solid positive balance in foreign trade operations, which exceeded 14 billion dollars last year.

Experts estimate that, barring any major economic troubles (like the oil crisis), South Korea will be able to keep its rate of development within the range of 7-9 percent until the beginning of the next century and radically restructure its exports by shifting the emphasis from consumer goods to electronics and other high technology products. It will simultaneously reduce its dependence on export revenues by developing its domestic market, which was just recently still in the embryonic stage. The prerequisites for this are the steep growth curve of the electronics industry (around 30 percent a year) and domestic demand, which accounted for a larger share of the GNP than exports, playing the role of the locomotive of the South Korean economy, last year for the first time in history.

I was informed of all these facts during a conversation in the Korean Development Institute, the most influential "think tank" in the country, where economic strategy and basic guidelines for business and government are elaborated. Mr. Kim Chun Soo, the institute deputy

director who has a doctorate in sciences from the University of Pennsylvania in the United States, told me about problems as well as achievements, and there are certainly many of these problems lurking behind the optimistic statistics.

It would be a mistake, in Dr. Kim's opinion, to regard the South Korean economic complex as a fully established single entity. There are too many wide gaps separating the different branches of the economy and too many pronounced disparities between "successful" sectors and the branches that have not started flourishing yet. Ever since the 1970's the economy has essentially been in a permanently "overheated" state due to the high speed of development.

Taking the so-called "export model" as a basis, South Korea rushed into world markets primarily in the areas not requiring any complicated economic and technological preparations and promising the quickest success. Textiles, clothing, and footwear, because of the incomparably low cost of labor, the low exchange rate of the national currency, the won, and the low cost of raw materials, could be sold on the foreign market at prices that broke through any kind of competitive barrier. After light industry had its turn, it was the turn of shipbuilding, construction, metallurgy, and the chemical industry, and these were developed in accordance with the same intensive procedures, necessitating maximum outlays of primarily human resources for the sake of export achievements. While the country was building up its economic muscles, however, it remained in a destitute state, suffocating under the burden of a growing foreign debt which devoured the lion's share of export revenues, and suffering from a dystrophic domestic market, underdeveloped finances, excessive military expenditures, and horrifying social conditions in urban and rural areas.

The game of "export football" could have gone on for a long time, but the situation was helped by a misfortune—the oil crisis—which became a serious problem for South Korea and forced it to reconsider many of its priorities. After almost choking on the wave of bankruptcies and inflation the crisis caused, the country started over, with substantially adjusted methods—the emphasis shifted to the gradual development of the domestic market, the diversification of raw material sources, the mobilization of finances, and the development of high technology industries, the maturity of which is tantamount in our day to economic independence. The reliance on exports continued, but with a serious difference: not exports for the sake of export, but as a way of augmenting domestic consumption, as a source of funds for the training of national personnel, the enhancement of labor productivity, and the financing of scientific and technical development projects.

It has not been easy for South Korea to accomplish this kind of reorganization on the move, and especially because high growth rates are not the same as complete

comfort and prosperity—they stimulate inflation, escalate rising prices, provoke protectionism by foreign partners, and fuel social friction. Under pressure from the United States, Japan, and Western Europe, the South Korean won became almost 20 percent more expensive in relation to the dollar, and the wages of workers in the country rose by an average of 30-40 percent in the last 2 years after a wave of labor conflicts. This naturally affected exports, the prices of which now seem less appealing and less competitive.

To make up for these losses, businessmen began seeking better conditions abroad and began opening branches of South Korean firms in Asia, Europe, and the United States. On the one hand, the stimulation of the domestic financial market created an unhealthy interest in stock transactions in South Korea, giving rise to stock market speculation on an unprecedented scale and to colossal securities purchase and sale transactions. These "money games" within the country and abroad are diverting necessary resources and jeopardizing all of the good plans for the future. This is a serious problem, and people in the Development Institute spoke of it with alarm.

Another problem is the increasing difficulty of acquiring the latest technology in the last few years. As long as the South Korean economy was in the stage of infancy, this did not pose any problems, but now that the country is beginning to stand on its own feet, its foreign partners are not as eager to share their technology, apparently in the justifiable fear of a "boomerang effect." For South Korean businessmen, however, this is probably the most painful and most urgent problem. Suffice it to say that, for example, South Korea depends on foreign suppliers for 50 percent of the high technology components used in the automotive industry, 20 percent in machine building, and 60-80 percent in some fields of electronics (heads for videocassette recorders, laser units for disc players, etc.). Progress in technological spheres, in other words, entails dependence on the outside world, and the elimination (or at least the substantial reduction) of this is exceptionally important to a country hoping for a solo part in world trade.

This is the reason for South Korea's feverish attempts to train its own personnel and establish its own foundation of basic and applied scientific development projects. Of course, it has had some success in this area. For example, whereas there were only 40 scientists in the country at the end of the 1940's, there are now 52,000 highly qualified specialists, and their number and quality are being augmented each year. In 1981 only half a percent of the GNP was allocated for research in South Korea, in 1986 the figure was already 2 percent, and the projected figures for 1991 and 2000 are 3 percent and 5 percent respectively. There is no question that the country is on the right road, but it is a road on which miracles do not happen, and in the near future technology will probably continue to represent this economy's Achilles heel, now protected by a simple but, regrettably, not always reliable

shield consisting of purchases of licenses and whole production units and research centers abroad, which are not as easy to acquire now that South Korea has turned into such a successful competitor.

Another economic liability is the very structure of South Korean business, which is burdened, according to experts, by excessive concentration within the hands of powerful industrial-financial groups, a dozen of which account for more than one-fourth of the GNP. In the first place, this hampers the initiative of businessmen on a lower level; in the second place, and this is more important, it deprives the economy of a "buffer zone" of medium-sized and small firms, which usually absorb all of the shock of sudden fluctuations in market conditions and crises and thereby protect the "big shots" from upheavals. It is interesting that many experts see this as one of South Korea's main weaknesses and feel that it leads to structural disparities and to a high level of risk in business contacts with this country.

We are accustomed to gauging economic health with the major universal indicators of rates of growth, inflation, unemployment, etc. After summing up the content of my conversations in Seoul, however, I have the feeling that they cannot serve as the basis for a diagnosis and they are not the factors dictating the urgent need for economic changes. The minor details making up the overall picture seem much more important. For example, the important current problems in South Korea include weak management, the colossal differences in the income of different segments of the population, and the high rate of personnel turnover at industrial enterprises.

According to studies conducted by a quasi-governmental organization, the Korean Center for Labor Productivity, only 18 percent of the large corporations are managed by real professionals with the proper educational background, while the rest are managed either by the founders of the firms or their children, who have little knowledge of the secrets of management. Although we must give these people credit for being able to build industrial empires in a vacuum, we must admit that intuition and a flair for business are no longer enough for advancement. It also takes knowledge and a solid scientific basis. South Korean businessmen are well aware of this and are trying to correct the situation, but this matter takes more time than anything else, and the penalties for excessive haste can be quite severe.

Disparities in income are also more of an economic problem than a social one: They inhibit internal growth, deter action, and stifle initiative. The average statistical per capita income, which now exceeds 4,000 dollars in South Korea, disappears before our very eyes if we consider the fact that the income of the business elite is 200 times as great as that of an employee with a higher education, and the chasm separating this from the income of a simple peasant or worker is even deeper. For the sake of comparison, in Japan the disparity is from 7-fold to 8-fold, and in the United States it is from

30-fold to 50-fold. The boom in consumption is growing stronger, but the overall standard of living of the overwhelming majority of the population is still extremely low, and a country with near-destitute citizens can never have a truly flourishing economy. Recent government measures in this area (for the first time in the country's history a minimum wage was set and workers and employees were promised that their wages would double over the next 5 years) were the result of the wave of labor conflicts and of the realization that without these measures, the economic mechanism running at full speed would start breaking down sooner or later, and it would probably be sooner.

Finally, I want to say a few words about personnel turnover. One of the pillars of Japanese management, the slogan "One enterprise—one family," is completely lacking in South Korea, and the rate of personnel turnover ranges from 20 to 48 percent a year in different sectors. This does not seem to be cause for alarm in the presence of a labor surplus, but only in the case of simple types of production in which the quality of labor does not matter. During the period of the development of high technology industries, which South Korea has now entered, the situation changes radically and the value of the "human factor" rises immeasurably. It is therefore no coincidence that personnel policy is now a major concern in the South Korean economy because it is closely connected with future achievements.

As this brief and highly fragmentary review of the state of the South Korean economy indicates, there are many difficult and urgent problems in addition to the indisputable successes. In recent years the country has almost depleted the resources which launched it into a worldwide economic orbit, and now it is beginning the cardinal reform of the old structure, which is living on borrowed time. To stay afloat and avoid losing speed, South Korea must have the necessary reserves and time. These abstract terms have a specific meaning in Seoul: an emphasis on higher labor productivity and the conquest of new sales markets. The first will compensate for the higher production costs due to the higher exchange rate of the won and the higher cost of labor; the second will sustain economic circulation and provide the respite needed for the completion of the restructuring process.

As far as labor productivity is concerned, in this sphere South Korea has promising indications and bright prospects. As I was told in the Ministry of Trade and Industry, this indicator rose by leaps and bounds in the last 3 years—17.6 percent in 1986, 13.3 percent in 1987, and 17.1 percent in 1988. In view of the fact that just over 30 percent of the companies in South Korea have some form of automated production, there are unlimited possibilities with great potential in this respect.

Finding new markets will present more difficulties, but it is clear that the development of economic and trade relations with the socialist countries, especially the USSR and China, will play the leading role here. It is no coincidence that virtually all of the people I spoke with in Seoul stress that the efforts to expand mutually

beneficial contacts with socialist states represent South Korea's long-range policy, dictated not only by political will and by changes in today's world, but also and primarily by economic necessity. I see no guile in this.

[15 Apr 89 Morning Edition p 6]

[Excerpt]

## II.

[passage omitted] I would like to say something about American-South Korean relations and their effect on domestic affairs in the country. The presence of a powerful U.S. expeditionary corps in South Korea, the many American bases and ammunition depots, including nuclear weapons, and other characteristics attesting to the strength of the military ties between Washington and Seoul frequently obscure the overall picture of bilateral ties by pointing up only one aspect—the military aspect, in which South Korea has no other role to play than that of “junior partner” and “puppet.”

The complete picture, however, is always more interesting than a fragment, and although the whole array of strategic factors has its place, as they say, many other parameters with their own coordinates can also be used to measure South Korea's relations with the United States. If we proceed from them, we must admit that American directives do not prevail in the domestic political sphere, the leaders of South Korea are not appointed by Washington, and the economy, even in spite of sizable dollar injections and serious dependence on the American market, is not a subsidiary of the American economy, not to mention the Korean public's way of thinking, which is not in any way an approximation of American thinking. In other words, it appears that the United States must treat Seoul as a sometimes inconvenient, nationalist-minded partner, and certainly not as a “servant.” Furthermore, its relationship with this partner is far from perfect. Suffice it to say that a recent public opinion poll conducted by DONG-A ILBO indicated that affection for the United States is declining seriously in South Korea—people with “friendly feelings” for Americans now constitute only 38 percent of the total, whereas just 4 years ago the indicator was 70 percent.

The “anti-Americanism” in South Korea has recently been a popular theme in Western publications, which usually refer to the many actions by radicals against American installations in the country, the growing dissatisfaction with the American military presence, the indignant reactions of South Koreans to U.S. protectionist moves, etc. It would certainly be wrong to ignore these feelings, but it would be equally unreasonable to overestimate their significance. The fact is that no serious clashes in American-South Korean relations can be anticipated, at least in the near future, with the exception of trade and economic disputes and outbursts of hostility fed by mounting nationalism.

Problems in internal Korean dialogue and the entire group of extremely complex and difficult problems in South Korea's relations with the DPRK represent

another serious and significant factor. In fact, it is too early to speak of relations as such. The north and south have been alienated from one another by a wall of mistrust for almost three decades. Reciprocal contacts have been almost non-existent. Recently some changes have been apparent in this sphere: There have been several meetings between representatives of the DPRK and South Korea on various levels, reciprocal proposals have been exchanged with regard to the prospects for future contacts, and a delegation of South Korean businessmen even visited P'yongyang with an entire package of possible projects in bilateral cooperation. Judging by all indications, it is too early to define all of these moves as a “thaw” in the political climate on the Korean peninsula, but we cannot deny that South Korea, in particular, attaches considerable importance to internal Korean dialogue, it has displayed great interest in the DPRK, and there is an unquestionable desire for all types of information about life in the north. The degree to which all of this will affect politics constitutes the main question, but an answer to this question would require a separate and thorough discussion transcending the bounds of these brief comments.

There is probably no universal key that can be used to unlock the mysteries of the overall situation in South Korea, but one opinion I heard expressed by different people in Seoul could have some claims to universality: It defines the current situation as “the process by which a developing country moves into the ranks of developed nations with autonomy in world economics and politics.” In my opinion, this is closer to a slogan than a fact, but it does explain many things—the feverish commercial activity, the haste in the race for success, the group of political initiatives within the country and in foreign affairs, and even the slightly naive game of shuffling indicators to suggest that South Korea occupies something just short of a leading position in world progress. The country is tired of being an outsider, and now that it has had a taste of genuine success, it is making every effort to consolidate its position.

The prerequisites for continued development do exist, and they have already been discussed. Furthermore, we cannot ignore the desire to achieve “new quality” and even the obsession with achieving it. Will things work out? Are these hopes justified? It is probably a waste of time to play guessing games of this kind, because time alone can provide us with the only accurate prognosis. At this time, South Korea, which reporters christened one of the “tiger cubs in Asia,” is still flexing its economic muscles—its principal reserve, if not the only one it has. Can we say then that the country is issuing a challenge? We could, but only if we add that the South Korean GNP is now equivalent only to one-twentieth of the Japanese GNP, and that its annual government budget is equivalent to half of the annual receipts of just one Japanese corporation—Toyota.

How, then, can we describe life in South Korea today? It is like a permanent “rush hour”....



**Patronage Ties Between UzSSR Oblast, Afghanistan**  
18070291

[Editorial Report] Tashkent PRAVDA VOSTOKA in Russian on 8 April 1989 carries on page 2 an article announcing the signing of a protocol on patronage ties between Surkhandarya Oblast in Uzbekistan and Balkh province in Afghanistan. The protocol includes provisions for exchanges of delegations of public, youth, and trade union organizations, and cultural and sports workers. Representatives from various professions in Balkh province will go to work in industrial, agricultural and medical enterprises in Uzbekistan. Pioneer camps will accept Afghan children this summer.

**Afghan-Kirghiz Ties Described**  
18070292

[Editorial Report] Frunze SOVetskaya Kirgiziya in Russian on 27 April 1989 carries on page 2 an interview with Akbar Solkhodost, secretary of organization of the PDPA in Kirghizia, describing Kirghiz-Afghan economic and cultural ties. The author notes that more than 200 Afghan citizens, primarily students, are living in Kirghizia. The program of studies for the Afghan children includes instruction in their native language (Pushtu or Dari), Afghan history and geography, and theology. Economic and cultural ties between Afghanistan and Kirghizia "have entered a new phase" since the withdrawal of Soviet troops. Direct ties have been established between individual regions of Kirghizia and Afghanistan, for example, between Osh Oblast and Bamiyan province. Last year an agreement on economic and scientific-technical cooperation between Afghanistan and Kirghizia was concluded.

**Journalist Sees Possibility of Soviet-Saudi Ties**  
18070262

[Editorial Report] Moscow SOVetskaya Rossiya in Russian on 30 April 1989 carries on page 5 an article by A. Bogatyrev describing the author's trip to Saudi Arabia. He notes that Saudi Arabia is one of two Arab

countries where the USSR does not have official representation, and that visits by Soviets to the kingdom are rare. Bogatyrev comments on Saudi Arabia's economic progress in many spheres, particularly in agriculture, as a result of using advanced technology. He attributes the kingdom's economic success to oil exports and support from the U.S., Western Europe, and Japan, but notes that some Saudis are leery of Western "extortionist policies," and of the negative influence on Saudi youth of Western lifestyles imported by visiting technicians. The article concludes with a paragraph on Saudi interest in the Soviet Union: "Questions such as this were also asked: How can we establish business ties with Soviet foreign trade organizations? From the comments of my interlocutors it was clear that a significant increase in trade is possible, even to the point of restoring complete relations between our two governments."

**Saudi Arabian Economic Development Described**  
18070297

[Editorial Report] Moscow ZA RUBEZHOM in Russian No 17, 21-27 April 1989 carries on pages 12-13 a 6,000-word article by P.V. Davydov, one of the first Soviet journalists to visit Saudi Arabia, describing Saudi Arabia's economic development over the last 40 years. He discusses improved literacy rates, educational opportunities, and availability of medical services as indicators and results of economic growth. According to Amir Abdallah ibn-Faisal ibn-Turki, an essential task facing the country is economic diversification to eliminate dependence on oil as the only source of national income. In response to this need, two industrial centers have been established to develop petroleum products, chemical fertilizers, plastics, sulphur, steel, and cement, a significant portion of which will be exported. Davydov notes that the Saudis are also emphasizing agricultural development, with the eventual goal of agricultural self-sufficiency.



### Namibians Prepare for Peace

18070218 Moscow SOVETSKAYA ROSSIYA  
in Russian 7, 8 Apr 89

[Article by A. Dubrovskiy, APN correspondent (Windhoek): "In the Last Colony"]

[7 Apr 89 p 5]

[Text] A Pastor in a khaki uniform rummaged through my bag at the entrance to the store and then frisked me in a professional manner. Looking back over my shoulder, I saw that I was not alone: Men automatically raised their hands and women unclasped their handbags. I was in an ordinary store in Windhoek, the capital of Namibia. Perhaps the search would have surprised me a couple of days before, but after the dramatic events of 1 April I no longer paid any attention to minor details of this kind. This is how the APN correspondent begins his special report from Namibia for SOVETSKAYA ROSSIYA.

On that day the 10-year-old UN Resolution 435, envisaging the liberation of South-West Africa from many years of occupation by the Republic of South Africa, went into effect. At dawn on 1 April there were armed confrontations in the north of the country.

The complexities of the situation here are immediately apparent: the Windhoek kindergarten surrounded by barbed wire, the bomb shelters and permanent emplacements in the peaceful sunny town of Katima Mulilo, the lengthy alarm sounded in the headquarters of Sector 10 of the "South African defense forces" in Ovamboland on the border with Angola, and, finally, the demonstrations and rallies in Windhoek's black township of Katutura....

### A Guest of the South African Army

The staff officers of the South-West Africa Territory Force were scrupulously polite. Our main achievement, they said, is our complete and indisputable victory over SWAPO terrorists. In headquarters we were shown an "unpretentious" film about the birth and rise of "SWAPO terrorism"—beginning with the first armed conflict in August 1966. On the screen we saw the "victims of terrorism," the brave and noble black soldiers of the territorial force who deliver crushing blows against SWAPO bases in Angola under the leadership of white South African officers....

"We won, and now we are in the process of carrying out Resolution 435," Colonel Klaus Kron said. "We will see what happens when the general elections are held this November. I repeat, we won, and this is why we are leaving."

"We are leaving" and "we are going home" are phrases I heard over and over again in the last few days. I heard them spoken by an army private who could not wait to "return to the republic" and by South African Foreign Minister Roelof Botha, who made the emotional

announcement that South African troops "are not being withdrawn, but are going home after performing their duty." But is everything really as simple and straightforward as it is portrayed by the military and civilian propagandists of South Africa, whom I learned not to trust too much in my years of work in Africa?

Seated to my left behind the controls, the South African Air Force major landed the American Piper on the military airfield near Oshakati, the location of Sector 10 Army Headquarters. It is 45 kilometers to the Angolan border. This is Ovamboland, the land of the largest nationality in Namibia, the Ovambo, who have traditionally supported SWAPO. It was here, according to South African statistics, that the highest number of "terrorist acts" took place.

Lt Col Frank van der Merve, staff officer, picked up a pointer with a grip made from a machine-gun cartridge case, walked up to a map, and removed his wristwatch with the practiced gesture of an orator: "Let us get to work for half an hour or so. The withdrawal of our troops in accordance with Resolution 435, to which we are adhering firmly, has already begun. By 24 June the South African military contingent in Namibia should be reduced to the 1,500 soldiers manning the garrisons in Otjiwero and Froetfontein." The schedule for the fulfillment of Resolution 435 was hanging on the wall in headquarters next to the map.

"And what will happen now, Lieutenant Colonel, to you and to the country?" I asked.

"I am a professional soldier," he answered. "I have been ordered to move on to the base in Froetfontein. In general, I am an optimist and I think that political struggle between parties in elections is preferable to armed confrontations."

### Meetings in the 101st Battalion

The next morning I had what was probably one of my most interesting encounters in the operational zone of the 101st battalion of the South-West African Territory Force, most of the soldiers of which are Ovambo.

Colonel Louis Kotze, the battalion commander, told me about the battalion:

"The battalion was formed in 1974, originally as a special subunit of trackers and interpreters. In 1980 the battalion was reorganized as a regular unit of the territorial forces. Around 99 percent of the personnel are of the Ovambo nationality. They know a great deal about SWAPO, and some of the soldiers spent some time in the PLAN (the People's Liberation Army of Namibia, the military wing of SWAPO) before they came to us. The soldiers live outside the garrison with their families. They come here to work. The process of demobilization is in full swing now. Soon all that will be left of the 101st

will be two companies. The 2,500 demobilized soldiers will go back home and work on the land. They will continue receiving their salary until the November election."

"But these are professional soldiers who are confirmed enemies of SWAPO on principle. Is there no fear of excesses?"

"There is some apprehension," the colonel said, lighting his pipe. "Many of our men have been soldiers for the last 10 or 15 years. The local population calls them 'black Boers.' But they will leave the camp without any weapons, because these will be sent to the republic soon."

We walked through the camp of the 101st battalion. We approached several columns of Kaspir armored personnel carriers. "The guns have been removed," the colonel said, "and soon all of the vehicles will take off for South Africa."

About 10 Ovambo in civilian clothes stood on the parade ground. They had already turned in their weapons and uniforms and were effectively demobilized. We approached one of them. Lenart had served in the battalion for 3 years and had been in combat against SWAPO soldiers.

"How did you feel when you heard that the sides had agreed on the implementation of Resolution 435?"

"I was shocked at first, but then I realized that the new life had to begin sometime...."

There was also a man who was not even thinking about demobilization. Captain Karl Nojoba turned out to be the only Ovambo who had risen to this rank. He had served in the battalion since 1978.

"Will you stay in your native land, Captain?"

"No," Nojoba said. "I will go to the republic. I think the colonel will take me with him."

There was a crowd of black soldiers in front of a huge hangar. As white officers read names off lists, the men turned in their weapons and brown field uniforms. The men of the 101st were being demobilized. Would it last?

#### From Rundu to Omega

Angola is 22 kilometers to the north and Botswana is 18 to the south. The 201st battalion is located here, in the middle of the narrow Caprivi Strip. Like the 101st, it came into being 15 years ago, but whereas those soldiers are Ovambo, these are Bushmen, a vanishing African tribe.

The Bushmen are superlative pathfinders and hunters and perform search and destroy missions against SWAPO partisans in and around Ovamboland.

Battalion Commander Lt Col Kelly Saunders feels he is serving a noble cause:

"The Bushman is an excellent tracker. He can find food and water in the desert and he can track the enemy. After 14 months of training in South Africa, our soldiers are paid a decent wage of 700-800 rands a month. We are doing all of this not only to preserve the tribe but also to promote its development. Here on the base there are excellent medical services and a maternity ward. The Bushmen live with their families in comfortable homes. There is an educational center for the women, where they can take classes in cooking, sewing, knitting, and embroidery; there is a school, a kindergarten, and an academy for Bushman cadets...."

I saw all of this later—the school, the comfortable homes, and everything else, but the main thing I saw was the Bushmen themselves, an illiterate people who are dying out and who are not only sent out to track and kill "enemies" but are also forced to face bullets themselves.

"Will the Bushmen vote in November?"

"Of course. But you must realize that the Bushmen are a tribe with no written language. For this reason, we are now teaching them how to mark their election ballots with an 'x.'"

#### All Packed Up

Our flight to the east ended at the extreme point of the Caprivi Strip, Mpache, the location of the last, 70th military sector. A genuine evacuation was going on here in the 701st battalion. Hundreds of tons of cargo representing more than half of the base's equipment had already been sent to South Africa. Unneeded items had been sold at auction. Officers were in the mood to move. The last salary checks had been issued. On 21 April the empty base would be turned over to the "blue helmets" of UNTAG (the UN group for assistance to Namibia in the transition period) and would later be used as a camp for returning refugees.

"The last battle with terrorists was fought here more than 10 years ago," Lt Col Chlefele, the base commander, said. "Now we intend to carry out Resolution 435 to the letter."

It was here in the center of southern Africa that I met Capt Lt Francois Smith of the South African Navy. The Wenela naval base, more properly a river base, has been here on the bank of the Zambezi, on the Zambian border, since 1946. It is the only base of its kind. No other country has a fleet on the Zambezi. Although the South African fleet is small—two Fridombek combatant crafts, rubber landing crafts, and a thousand crewmen—it is completely capable of controlling a large portion of the Zambezi.

The Wenela base was packing up in a hurry. The sailors' thoughts were already far away from Wenela—in Simonstown, where their unit would be transferred. My tour of the base ended with an extraordinary trip: The sailors invited me to cruise the Zambezi on a combatant craft from which all of the armaments had been removed. "The fleet's last cruise," Captain Smith said with relief.

[8 Apr 89 p 5]

[Text] The floor of the compartment of the South African Air Force's Hercules transport plane was littered with trampled brochures with the inflammatory title "The War on Terrorism in Namibia" which had been distributed to all of the journalists. The author, Colonel Klian-Hans, was not fastidious in his choice of words: "For more than 22 years we fought against the terrorism inspired and supported by Russia."

The leaflets that had been discarded on the floor served, in my opinion, as the best evidence of the "effectiveness" of South African propaganda, the APN correspondent continued his report for SOVETSKAYA ROSSIYA.

I was flying north again, this time to Ruacana, with a large group of Western journalists who had come to see one of the important stages in the fulfillment of Resolution 435—the exchange of prisoners.

A large crowd had gathered near the red and white barrier on the Namibian-Angolan border. A helicopter landed on "our" side to welcome Private Johann Papenfuss, who was taken prisoner almost a year ago. South African Foreign Minister Roelof Botha made a short speech:

"The return of prisoners is an excellent precondition for the observance of agreements. A new era is beginning in southern Africa. The agreements between the USSR and the United States proved that the season of violence in international relations has come to an end."

That same evening Botha addressed journalists in the famous Gorihalle, used as a gymnasium since German colonial times, saying:

"The people of Namibia must choose their own future. This is not the business of the United Nations or South Africa. Let us now talk about the future instead of the past."

#### The Colors of Windhoek

The inhabitants of Windhoek say that the capital has never seen as many colors as it did on 1 April. There was a demonstration in the black township of Woell. Members of political parties—and there are just under 50 here, all of them with their own colors—marched in the streets.

A rally was organized by the legal wing of SWAPO in a big empty lot. There were upraised arms with clenched fists and the slogans "Socialism is peace," "Equal rights for all," and "SWAPO will triumph." With difficulty I pushed my way through the crowd to meet Anton Liubovsky. The renowned civil rights activist, SWAPO activist, and prominent Namibian union official, was the center of attention: Not many whites had joined the liberation movement.

"We are starting our election campaign," he told me. "We plan several more mass demonstrations in support of the SWAPO program."

"Are the authorities creating any difficulties for you? Do you have any problems that would interfere with your campaign?"

"No one has tried to create any obstacles yet."

I moved on to the DTA [Democratic Turnhalle Alliance] rally. The atmosphere was different here. There was the same variety of colors, but there was no unity. I saw a group of Herero horsemen. I recognized the typical features of Pastors—the isolated community of descendants of colonists and their African wives. Then I saw the mainstay of the program: the copper-skinned and bare-breasted Ovambo women who had been driven here in trucks by DTA members from the remote locations where they live. It was a Tower of Babel of tribes and languages, where few people understood each other. It was more like an ethnographic exhibit than a serious political rally. It is still too early to draw any conclusions, however, because the campaign is just beginning.

There was no hint at all of a coming storm on that sunny Saturday morning on 1 April. Resolution 435 was in force. The cease-fire began at four in the morning. Then the first skirmish broke out in the Ruacana zone at six in the morning.

That evening R. Botha explained the details to journalists:

"Several armed detachments crossed the border with Angola. One advanced 20 kilometers to the south and another was discovered in Ombalantu."

According to the minister, the police had to intervene because the troops remained on the grounds of bases in accordance with the agreements.

"A mass border crossing is possible," Botha went on to say. "The situation is very serious. At this time it has been agreed that certain units of our territory force under UNTAG supervision will be able to leave the bases to give police the necessary support."

What was this? Another South African provocation? The actions of an extremist terrorist group trying to subvert the implementation of Resolution 435? An accidental

skirmish with SWAPO soldiers who had been on their way to turn in their weapons and were attacked by the police? No one knows who violated the cease-fire agreement first. Representatives from UNTAG went to the scene of the skirmish.

#### **There Is Still the Hope of Peace**

According to the latest reports, subunits of the police and South-West African Territory Force are still engaged in armed confrontations with SWAPO detachments in northern Namibia. After traveling to the north, Namibian jurists David Smats and Michael Clayton said they had the impression that these forces had been instructed to kill SWAPO soldiers instead of taking prisoners. The Namibian Council of Churches accused the South African administration of escalating a provoked conflict and of ordering the annihilation of "detachments of patriots based within the territory of the country."

SWAPO has absolutely no interest in subverting the UN plan for the decolonization of the country, especially now that there is a real chance of reaching this goal, Jerry

Ekanjo, the SWAPO internal wing's secretary for information and press affairs, said in Windhoek.

The Angola Ministry of Defense denied the South African propaganda allegations that Angolan and Cuban troops had been concentrated along the border with Namibia for the purpose of coming to the aid of SWAPO detachments. At an emergency conference, the heads of the six "front-line" states and of SWAPO and the African National Congress of South Africa expressed deep concern about the situation in Namibia and the senseless killing. They suggested that the UN secretary general send a battalion of volunteers from each of the "front-line" states to serve in Namibia under UNTAG jurisdiction.

Within a few days the situation had reached the boiling point, but the hope of settlement still exists. Resolution 435 must be carried out and the bloodshed must stop. This was declared by representatives of all the sides concerned. It will take sensible, responsible, and quick action to quell the conflict and restore the peace. The people of Namibia are waiting for this.

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